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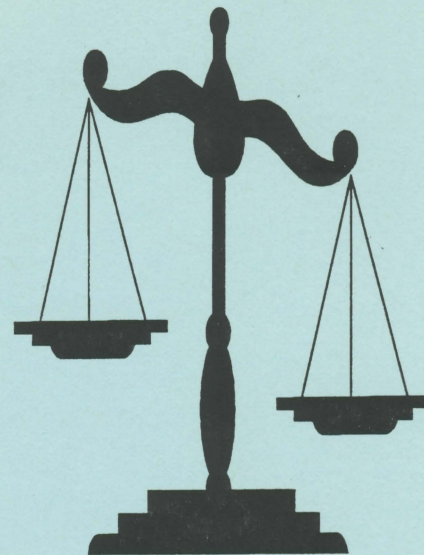
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***LEGAL  
MALPRACTICE  
INSURANCE  
REPORT  
1997***



***MISSOURI DEPARTMENT OF INSURANCE  
STATISTICS SECTION***

**MISSOURI  
LEGAL  
MALPRACTICE  
INSURANCE  
REPORT  
1997**

**Missouri Department of Insurance  
Statistics Section  
October 1998**



## **LEGAL MALPRACTICE INSURANCE REPORT EXECUTIVE SUMMARY**

This report summarizes the legal malpractice insurance experience in Missouri from 1987 to 1997.

The charts, graphs and tables in this report, which contain closed claim information, were constructed from data collected by the Missouri Department of Insurance as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 15 Supplement to the companies' annual statements, are presented in the final section.

In 1997 the loss ratio for legal malpractice insurance in Missouri was 59 percent, or a slight increase from the 1996 loss ratio of 52 percent. Of all claims closed<sup>1</sup>, 518 (23%) were closed with payment. Claims closed in 1997 totalled 296 or a 3 percent increase from the previous year.

The cost to an insurer for settling legal malpractice cases - the loss adjustment expense, or LAE, (i.e. legal fees, claims adjustment costs, etc.) - has fluctuated over the past 11 years. In 1997, the average loss adjustment expense for all claims closed with payment was \$21,245, while the expenses for all claims, closed with or without payment, averaged only \$5,096. During a span of 11 years, the highest average loss adjustment expense for claims closed with payment occurred in 1989 at \$91,766.

In producing this report, indemnities paid on closed claims have been categorized by various claim characteristics. The number of closed claims, average paid claim, and the total amount paid are included.

The categories used for the indemnity analysis are:

- Area of law in which the insured was retained by the claimant
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred
- Alleged error or omission which was the most significant reason for making the claim
- The legal disposition of the claim at the closing date
- The number of years the insured had been in practice at the time of the alleged error or omission
- The relationship of the insured to the claimant

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<sup>1</sup>Claims closed in 1997 may have resulted from incidents in any previous period.

By area of law, the largest percentage of claims closed in 1997 (83 out of 296) were initiated by plaintiffs in *bodily injury/property damage cases (BI/PD - Plaintiff)*.

The largest proportion of all claims closed in 1997, as well as the 11 years, involved the *commencement of the legal action or proceeding*. *Failure to know or ascertain deadline correctly* was the most common reason stated for filing a claim in 1997. The alleged error that generated the largest number of claims over the 11-year span — 286 — was *planning or strategy error*, followed by *failure to know or ascertain deadline correctly* with 244 closed claims. Fifty-five percent (55%) of all claims paid during 1997 were settled *before filing suit or demanding hearing* on the alleged malpractice.

In the last two sections of the indemnity analysis - years admitted to practice and insured/claimant relationship - only the 11-year and current year experience are reported. The three spans of years admitted to practice are: *under 4 years, 4 to 10 years* and *over 10 years*. The largest proportion of losses — seventy-two percent (72%) — occurred in the last group, *over 10 years admitted to practice*. The insured's relationship to the claimant is partitioned into four subclasses: *free legal service, non-client, member of pre-paid legal plan* and *client other than the preceding*. The most claims occurred in the category of *client other than the preceding* (i.e., client who did not receive free legal service and who is not a member of a pre-paid legal plan).

Only 12 companies have reported writing legal malpractice insurance and submitted closed claim data in Missouri for 1997. The Bar Plan Mutual Insurance Company has commanded at least 62 percent of the legal malpractice insurance market in this state, each year, since 1986.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in braille, large print, or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

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### **Other Publications Available**

The Missouri Department of Insurance publishes the following statistical reports. These reports are available by sending a written request along with the payment of \$35 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

**Missouri Department of Insurance Annual Report**  
**Missouri Medical Malpractice (Closed Claim) Report**  
**Missouri Real Estate Malpractice (Closed Claim) Report**  
**Missouri Market Share Report**  
**Missouri Products Liability (Closed Claim) Report**  
**Missouri Health Maintenance Organization Report**  
**Missouri Complaint Index Report**  
**Missouri Life, Accident & Health Supplement Report**  
**Missouri Property & Casualty Supplement Report**  
**Missouri Mortgage Guaranty Report**  
**Missouri Uninsured Auto Report**

### **Databases Available**

*Medicare Supplement Experience Data*  
*Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire,*  
*Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile*

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.



## TABLE OF CONTENTS

SECTION	DESCRIPTION	PAGE
I	ELEVEN YEAR SUMMARY .....	1
II	INDEMNITY SUMMARY	
	Area of Law: 11-Year and 1997 Summary .....	7
	Trends of the Top 10 Areas of Law .....	11
	Major Activity: 11-Year and 1997 Summary .....	23
	Trends of the Top 10 Major Activity .....	27
	Alleged Errors or Omissions: 11-Year and 1997 Summary .....	39
	Trends of the Top 10 Alleged Errors or Omissions .....	43
	Claim Disposition: 11-Year and 1997 Summary .....	55
	Trends of the Top 8 Claim Dispositions .....	59
	Years Admitted to Practice: 11-Year and 1997 Summary .....	69
	Insured/Claimant Relationship: 11-Year and 1997 Summary .....	73
III	PREMIUM AND LOSS DATA .....	77





**ELEVEN YEAR  
SUMMARY  
(1987-1997)**

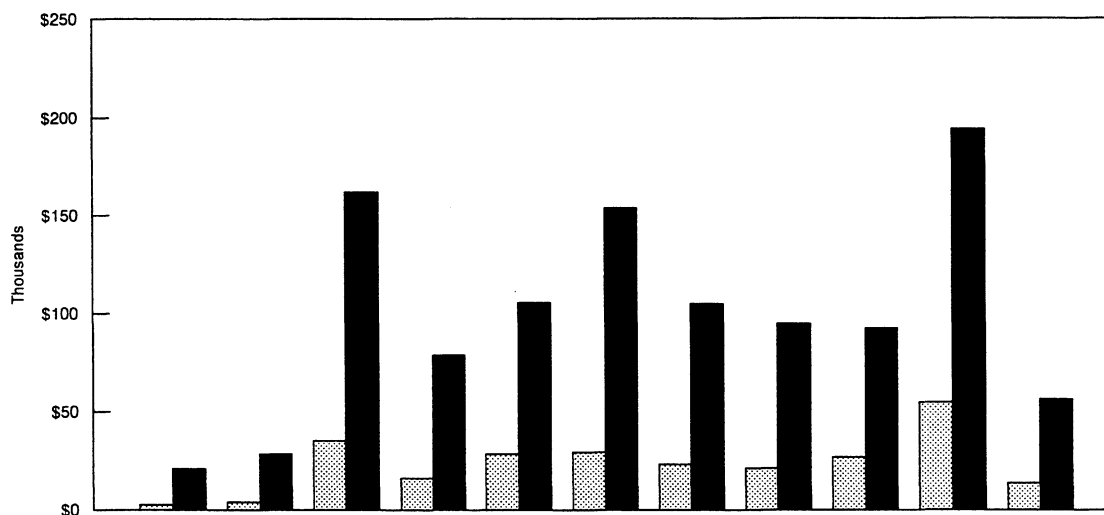


**LEGAL MALPRACTICE EXPERIENCE  
ELEVEN YEAR SUMMARY  
(1987 - 1997)**

<b>Closed Claims</b>	<b>Number of Claims</b>	<b>Percent of Claims</b>	<b><u>INDEMNITY PAID</u></b>		<b><u>LOSS EXPENSES</u></b>	
			<b>Total Claims Paid</b>	<b>Average Claim Paid</b>	<b>Total Expenses Paid</b>	<b>Average Expense Paid</b>
All Closed Claims	2,227	100.0%	57,639,783	25,882	22,235,316	9,984
Closed with Payment	518	23.3%	57,639,783	111,274	15,328,194	29,591
Closed without Payment	1,709	76.7%	0	0	6,907,122	4,042
Claims Settled Through Court Proceedings	214	9.6%	9,185,872	42,925	6,150,633	28,741
Court Proceedings Resulting in Payment	39	1.8%	9,185,872	235,535	3,405,740	87,327

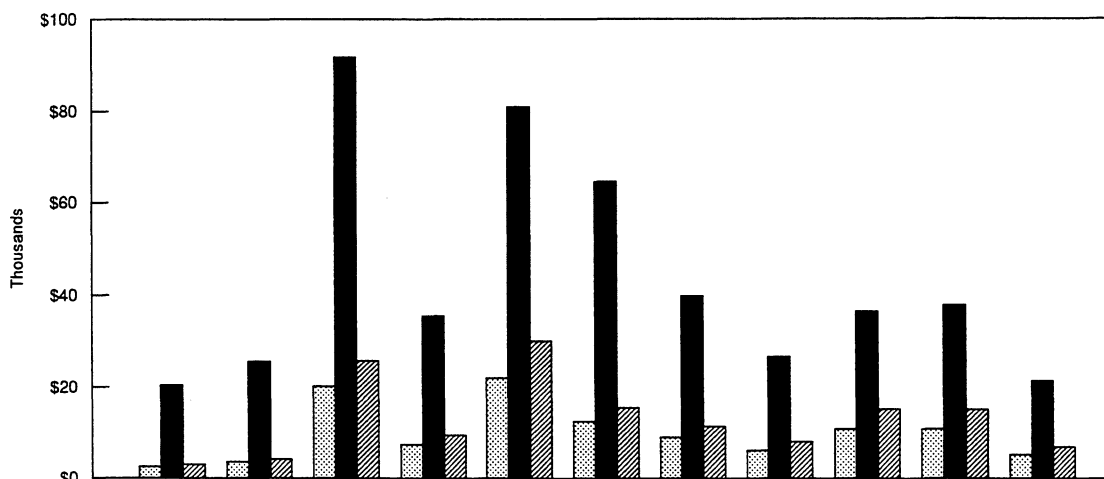
# MISSOURI LEGAL MALPRACTICE INSURANCE

## AVERAGE PAID CLAIM



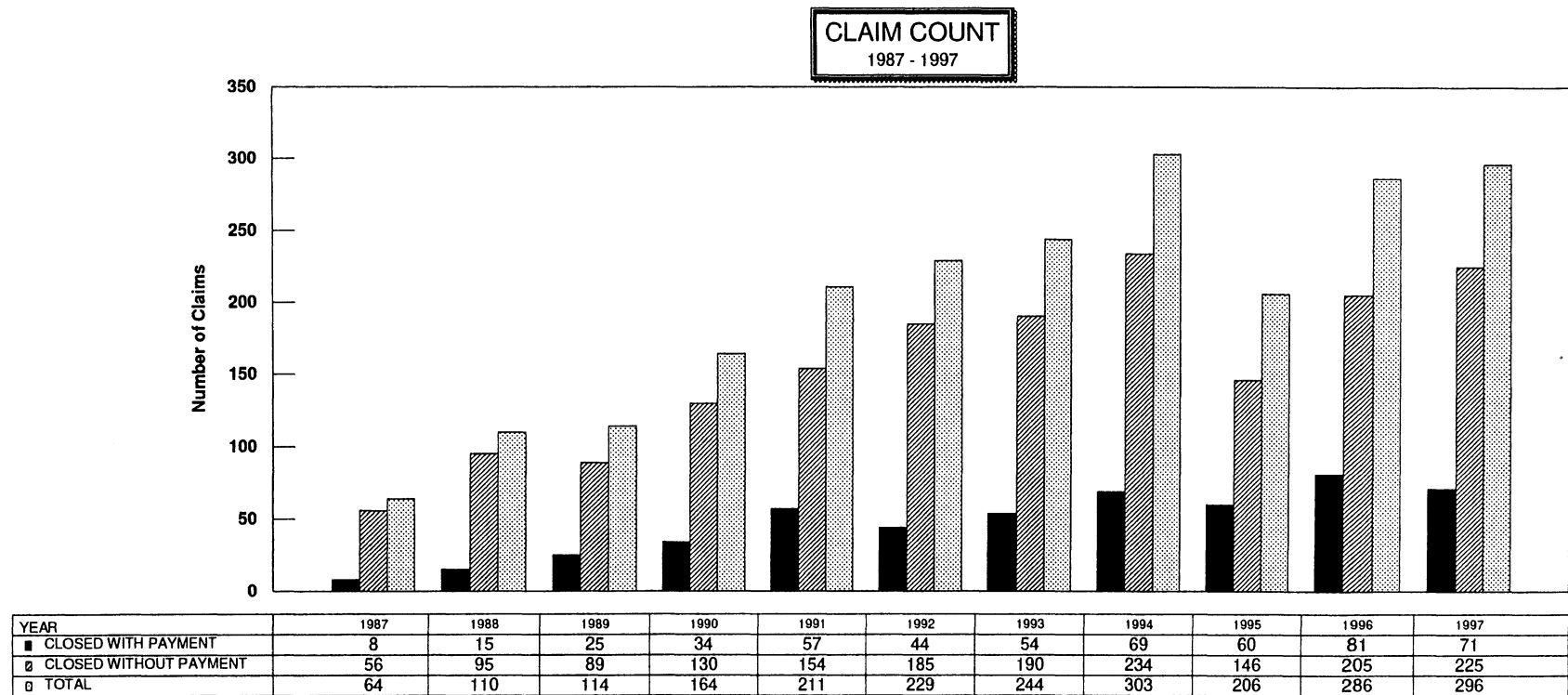
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLOSED CLAIMS	\$2,658	\$3,894	\$35,505	\$16,397	\$28,506	\$29,529	\$23,259	\$21,645	\$26,975	\$54,983	\$13,554
CLOSED WITH PAYMENT	\$21,263	\$28,560	\$161,902	\$79,093	\$105,522	\$153,684	\$105,097	\$95,048	\$92,615	\$194,138	\$56,509

## AVERAGE PAID LOSS ADJUSTMENT EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	\$2,547	\$3,497	\$20,124	\$7,338	\$21,882	\$12,435	\$8,811	\$6,041	\$10,625	\$10,657	\$5,096
CLOSED WITH PAYMENT	\$20,373	\$25,647	\$91,766	\$35,393	\$81,000	\$64,719	\$39,812	\$26,528	\$36,480	\$37,629	\$21,245
CLOSED WITHOUT PAYMENT	\$2,910	\$4,050	\$25,777	\$9,257	\$29,981	\$15,393	\$11,315	\$7,822	\$14,992	\$14,868	\$6,704

## MISSOURI LEGAL MALPRACTICE INSURANCE





**ELEVEN YEAR SUMMARY  
&  
1997 SUMMARY  
BY  
AREA OF LAW**





**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1987 - 1997**

<b>AREA OF LAW</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
BI/PD - PLAINTIFF	583	190	36.68%	\$79,341	\$15,074,842	26.15%	\$5,238
BUSINESS TRANSACTION/COMMERCIAL LAW	234	46	8.88%	\$201,128	\$9,251,891	16.05%	\$13,412
ESTATE, TRUST & PROBATE	232	65	12.55%	\$72,033	\$4,682,162	8.12%	\$7,887
REAL ESTATE	225	46	8.88%	\$99,643	\$4,583,598	7.95%	\$13,283
FAMILY LAW	214	42	8.11%	\$67,318	\$2,827,342	4.91%	\$6,613
COLLECTION & BANKRUPTCY	195	46	8.88%	\$22,220	\$1,022,137	1.77%	\$4,478
CRIMINAL	113	7	1.35%	\$25,643	\$179,500	0.31%	\$2,570
BI/PD - DEFENDANT	110	16	3.09%	\$311,126	\$4,978,017	8.64%	\$6,826
SECURITIES (S.E.C.)	48	10	1.93%	\$742,058	\$7,420,577	12.87%	\$106,221
WORKERS COMPENSATION	45	12	2.32%	\$29,898	\$358,773	0.62%	\$2,208
LABOR LAW	42	7	1.35%	\$97,649	\$683,543	1.19%	\$8,657
CORPORATE & BUSINESS ORGANIZATION	37	7	1.35%	\$518,571	\$3,630,000	6.30%	\$17,720
CIVIL RIGHTS & COMMISSION	35	2	0.39%	\$58,000	\$116,000	0.20%	\$6,273
TAXATION	33	7	1.35%	\$46,400	\$324,799	0.56%	\$15,855
LOCAL GOVERNMENT	31	1	0.19%	\$6,500	\$6,500	0.01%	\$1,786
PATENTS, TRADEMARKS, COPYRIGHTS	18	3	0.58%	\$22,932	\$68,796	0.12%	\$4,557
CONSTRUCTION (BUILDING CONTRACTS)	12	5	0.97%	\$111,479	\$557,393	0.97%	\$17,805
GOVERNMENT CONTRACTS & CLAIMS	6	2	0.39%	\$833,631	\$1,667,262	2.89%	\$54,469
CONSUMER CLAIMS	5	1	0.19%	\$96,651	\$96,651	0.17%	\$39,427
IMMIGRATION & NATURALIZATION	3	0	0.00%	\$0	\$0	0.00%	\$0
ADMIRALTY	2	1	0.19%	\$15,000	\$15,000	0.03%	\$6,718
NOT SPECIFIED	2	1	0.19%	\$55,000	\$55,000	0.10%	\$23,127
ENVIRONMENT	1	1	0.19%	\$40,000	\$40,000	0.07%	\$0
INTERNATIONAL LAW	1	0	0.00%	\$0	\$0	0.00%	\$0
<b>TOTAL</b>	<b>2,227</b>	<b>518</b>	<b>100.00%</b>	<b>\$111,274</b>	<b>\$57,639,783</b>	<b>100.00%</b>	<b>\$9,984</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 1997**

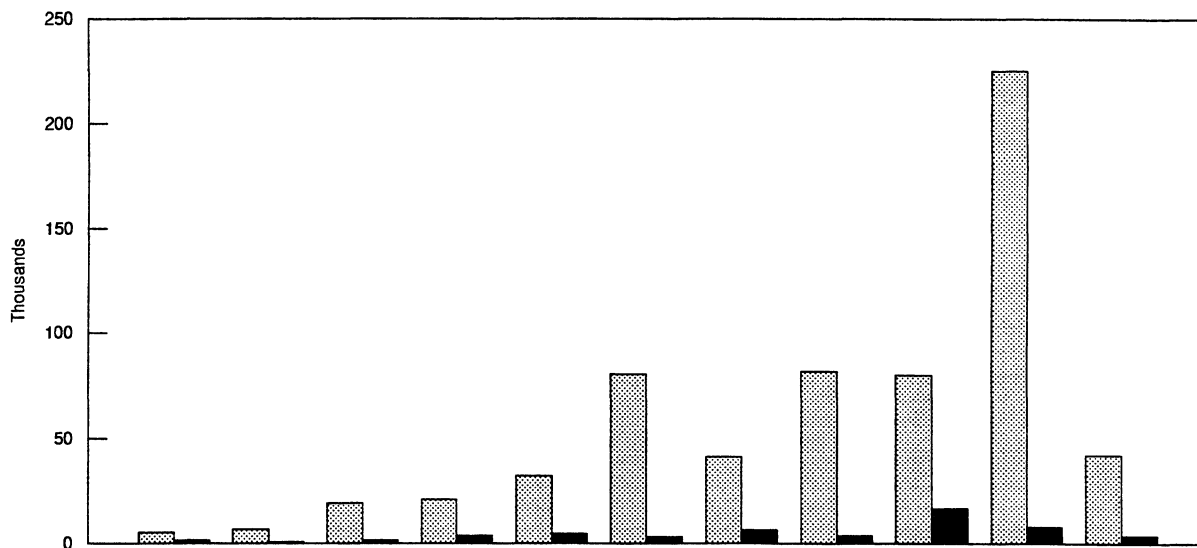
<b>AREA OF LAW</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
BI/PD - PLAINTIFF	83	24	33.80%	\$42,218	\$1,013,239	25.25%	\$3,726
COLLECTION & BANKRUPTCY	36	5	7.04%	\$14,600	\$73,000	1.82%	\$1,440
ESTATE, TRUST & PROBATE	36	14	19.72%	\$42,540	\$595,559	14.84%	\$7,240
FAMILY LAW	29	6	8.45%	\$55,517	\$333,100	8.30%	\$2,923
REAL ESTATE	26	5	7.04%	\$15,600	\$78,000	1.94%	\$2,232
BUSINESS TRANSACTION/COMMERCIAL LAW	21	7	9.86%	\$121,483	\$850,378	21.20%	\$15,131
CRIMINAL	16	2	2.82%	\$3,750	\$7,500	0.19%	\$2,272
BI/PD - DEFENDANT	11	2	2.82%	\$393,415	\$786,830	19.61%	\$18,787
WORKERS COMPENSATION	10	4	5.63%	\$49,875	\$199,500	4.97%	\$5,088
CIVIL RIGHTS & COMMISSION	8	0	0.00%	\$0	\$0	0.00%	\$6,411
LABOR LAW	6	1	1.41%	\$60,000	\$60,000	1.50%	\$8,641
LOCAL GOVERNMENT	4	0	0.00%	\$0	\$0	0.00%	\$3,210
CORPORATE & BUSINESS ORGANIZATION	3	0	0.00%	\$0	\$0	0.00%	\$738
ADMIRALTY	2	1	1.41%	\$15,000	\$15,000	0.37%	\$6,718
TAXATION	2	0	0.00%	\$0	\$0	0.00%	\$278
CONSTRUCTION (BUILDING CONTRACTS)	1	0	0.00%	\$0	\$0	0.00%	\$0
GOVERNMENT CONTRACTS & CLAIMS	1	0	0.00%	\$0	\$0	0.00%	\$0
PATENTS, TRADEMARKS, COPYRIGHTS	1	0	0.00%	\$0	\$0	0.00%	\$0
<b>TOTAL</b>	<b>296</b>	<b>71</b>	<b>100.00%</b>	<b>\$56,509</b>	<b>\$4,012,106</b>	<b>100.00%</b>	<b>\$5,096</b>

**TRENDS  
OF THE TOP TEN  
AREAS OF LAW  
OF 1997**



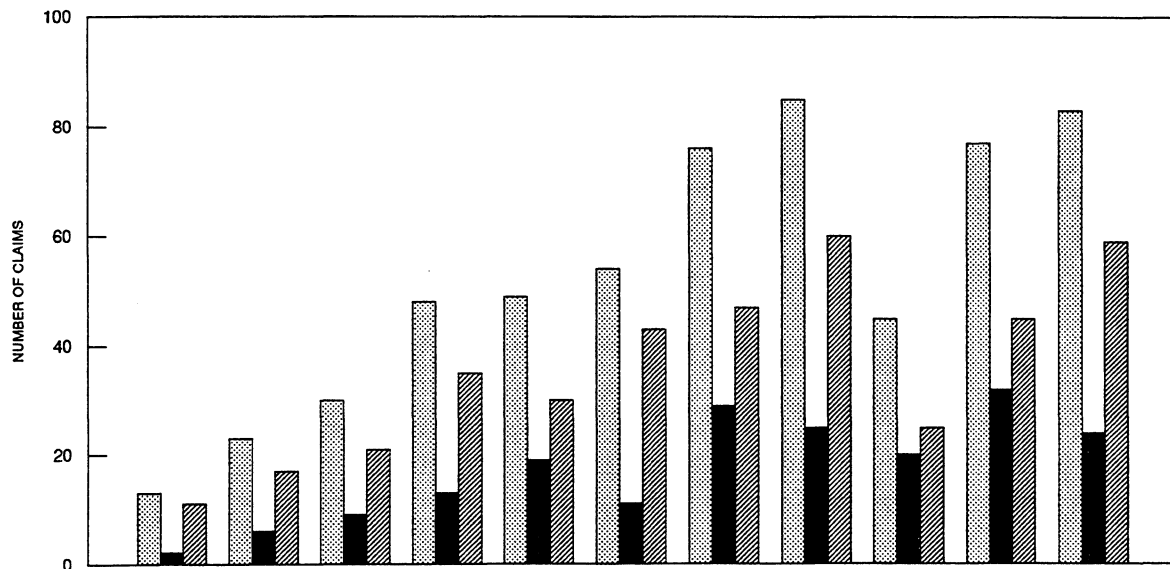
## BI/PD - PLAINTIFF

## AVERAGE PAID INDEMNITY &amp; AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$5,000	\$6,774	\$19,222	\$20,837	\$32,357	\$80,682	\$41,306	\$82,240	\$80,315	\$225,144	\$42,218
AVG LOSS EXPENSE	\$1,439	\$410	\$1,365	\$3,627	\$4,474	\$3,012	\$6,204	\$3,573	\$16,490	\$7,822	\$3,726

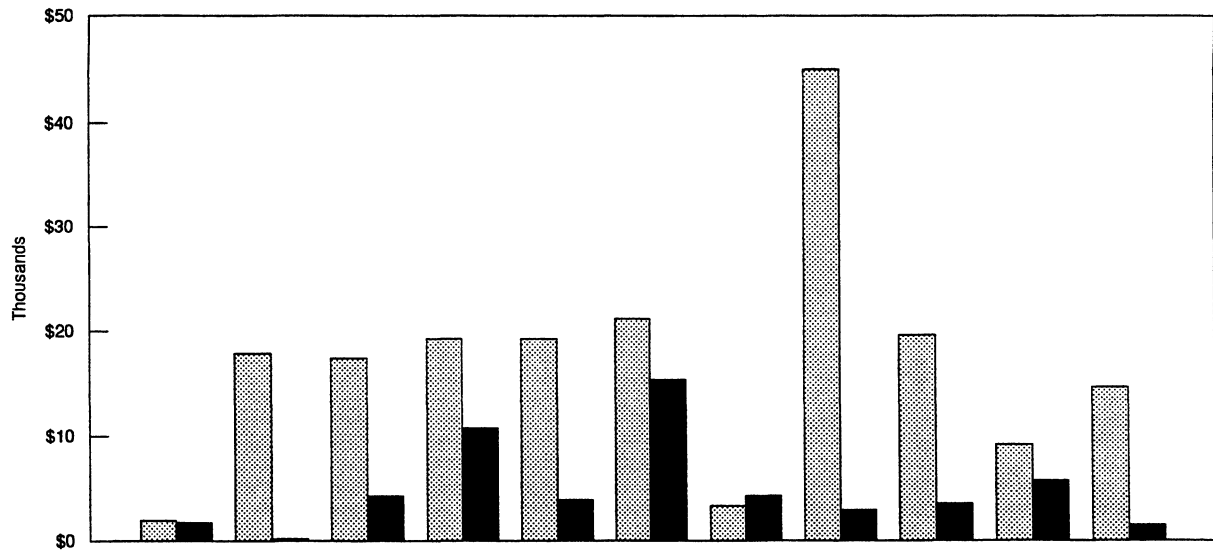
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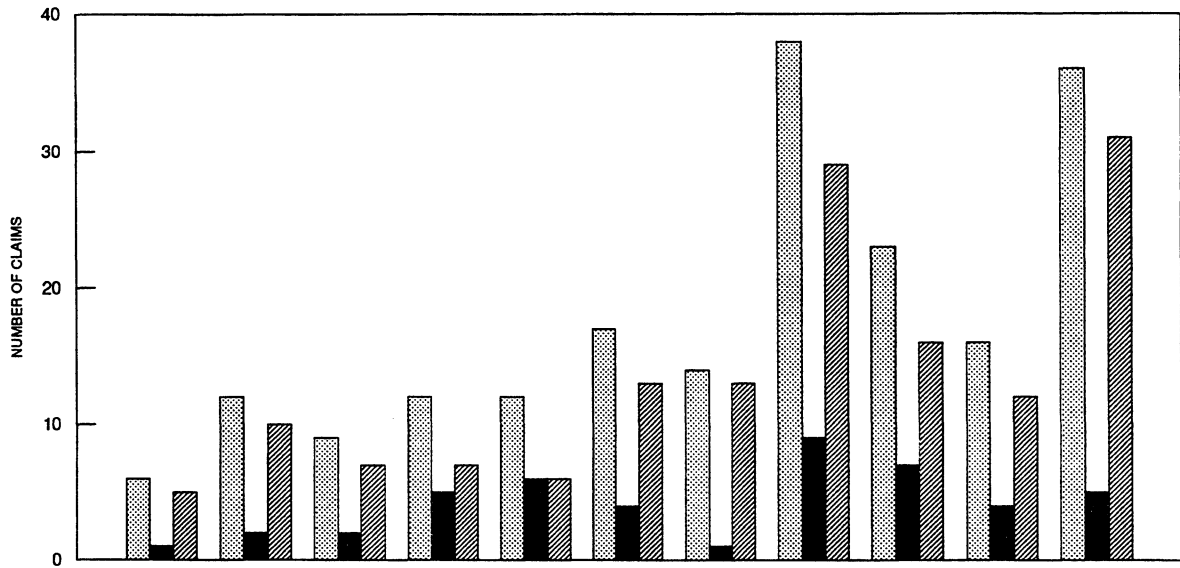
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	13	23	30	48	49	54	76	85	45	77	83
CLOSED WITH PAYMENT	2	6	9	13	19	11	29	25	20	32	24
CLOSED WITHOUT PAYMENT	11	17	21	35	30	43	47	60	25	45	59

# COLLECTION & BANKRUPTCY

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



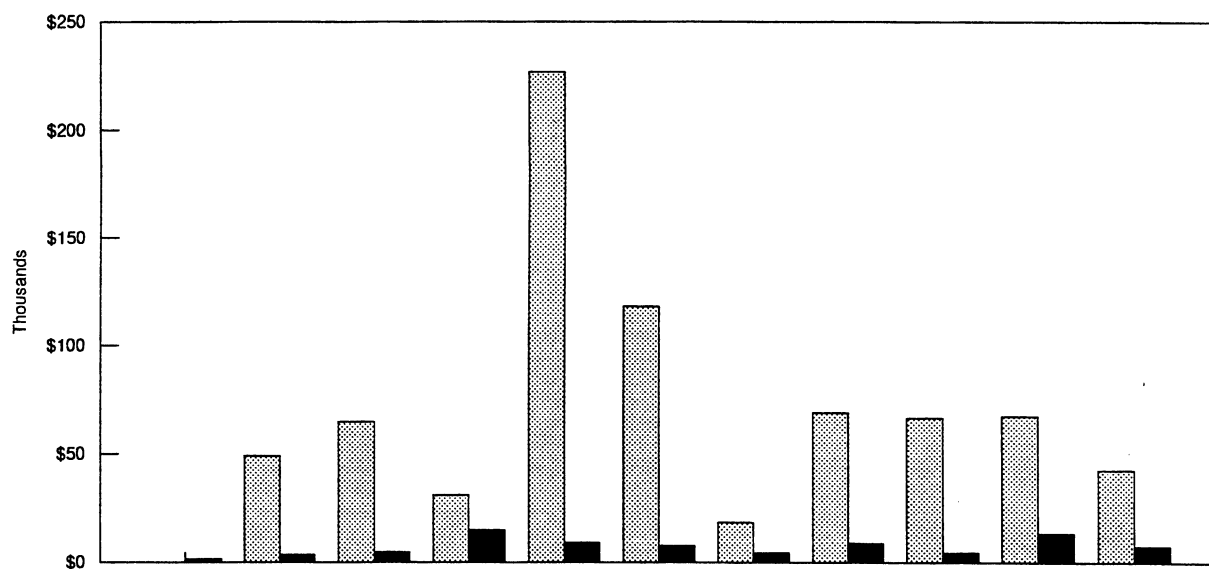
## CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	6	12	9	12	12	17	14	38	23	16	36
CLOSED WITH PAYMENT	1	2	2	5	6	4	1	9	7	4	5
CLOSED WITHOUT PAYMENT	5	10	7	7	6	13	13	29	16	12	31

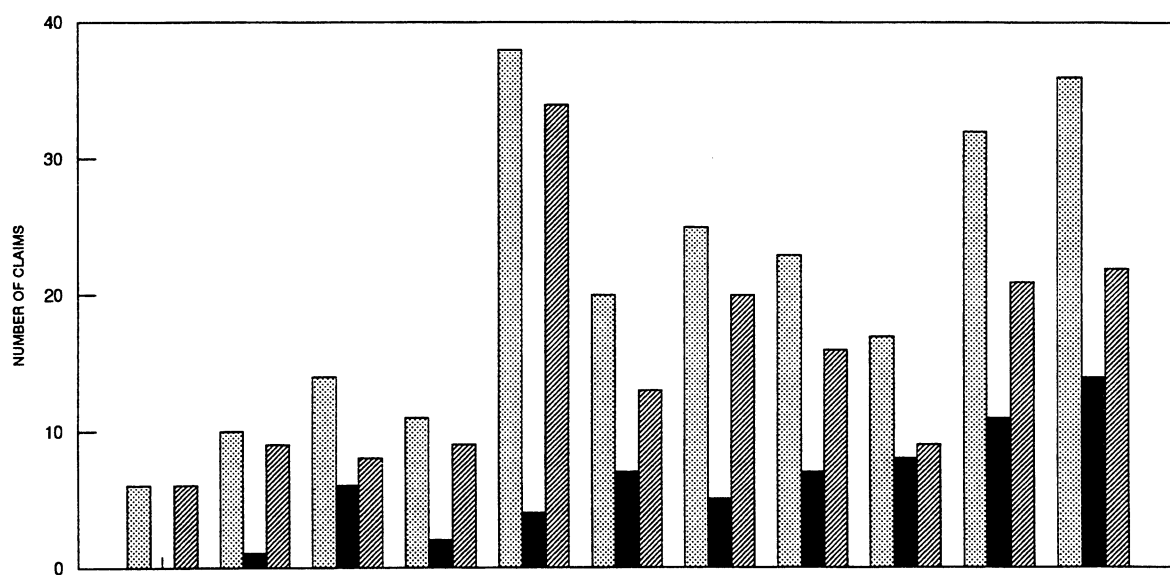
# ESTATE, TRUST & PROBATE

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$0	\$49,000	\$64,732	\$30,500	\$226,875	\$118,896	\$18,150	\$68,971	\$66,570	\$67,485	\$42,540
AVG LOSS EXPENSE	\$1,512	\$3,592	\$4,717	\$14,537	\$9,130	\$7,702	\$4,201	\$8,667	\$4,227	\$13,156	\$7,240

## CLAIM COUNT

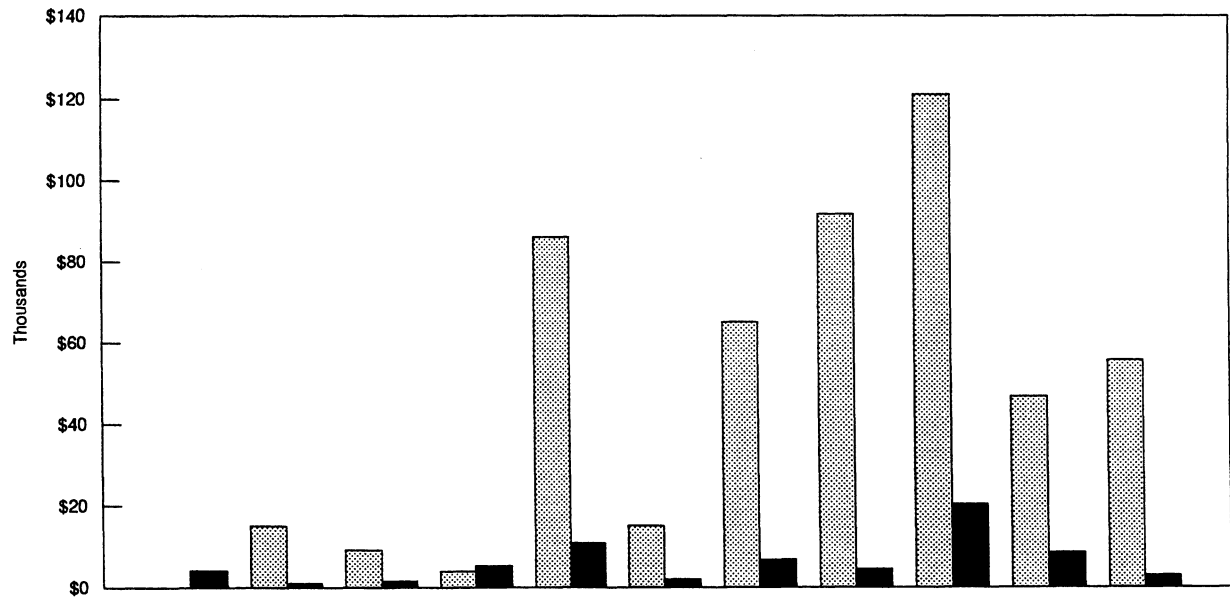


YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	6	10	14	11	38	20	25	23	17	32	36
CLOSED WITH PAYMENT	0	1	6	2	4	7	5	7	8	11	14
CLOSED WITHOUT PAYMENT	6	9	8	9	34	13	20	16	9	21	22

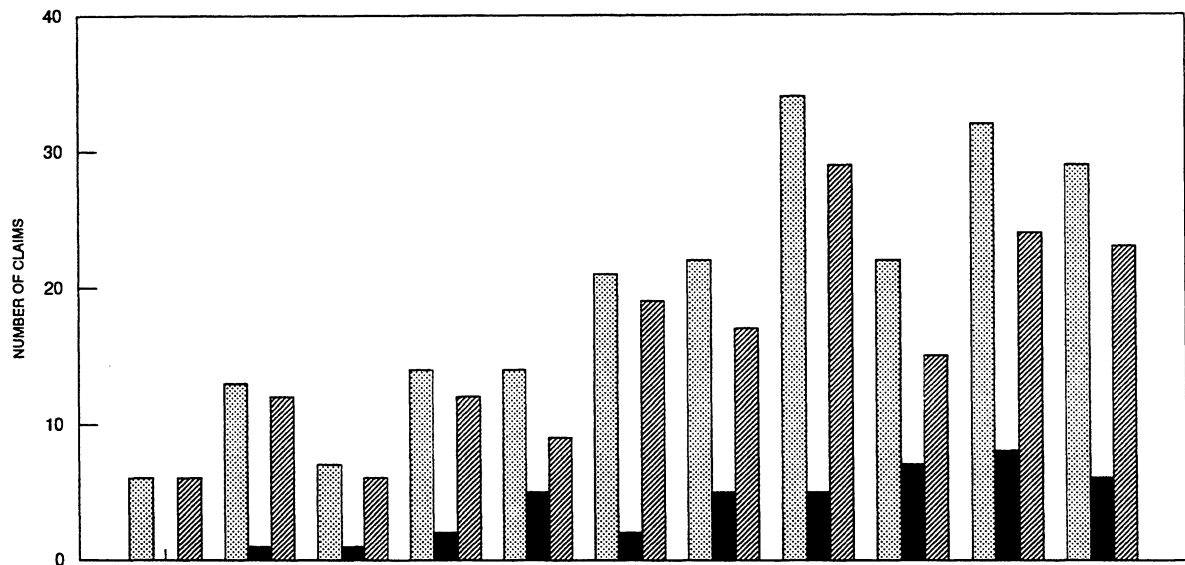


# FAMILY LAW

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



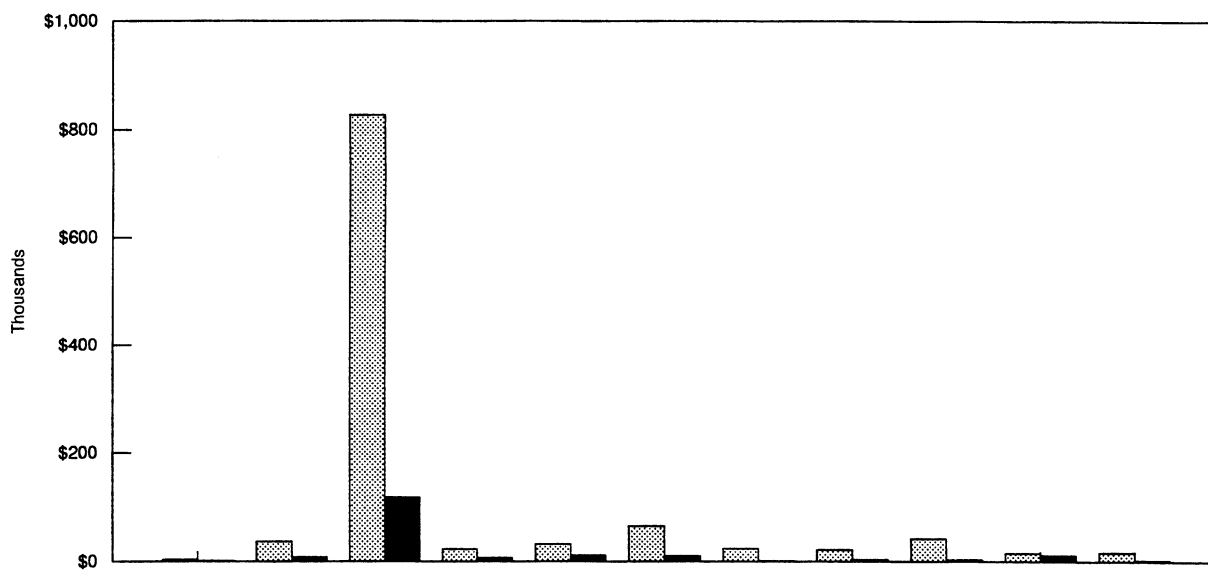
## CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	6	13	7	14	14	21	22	34	22	32	29
CLOSED WITH PAYMENT	0	1	1	2	5	2	5	5	7	8	6
CLOSED WITHOUT PAYMENT	6	12	6	12	9	19	17	29	15	24	23

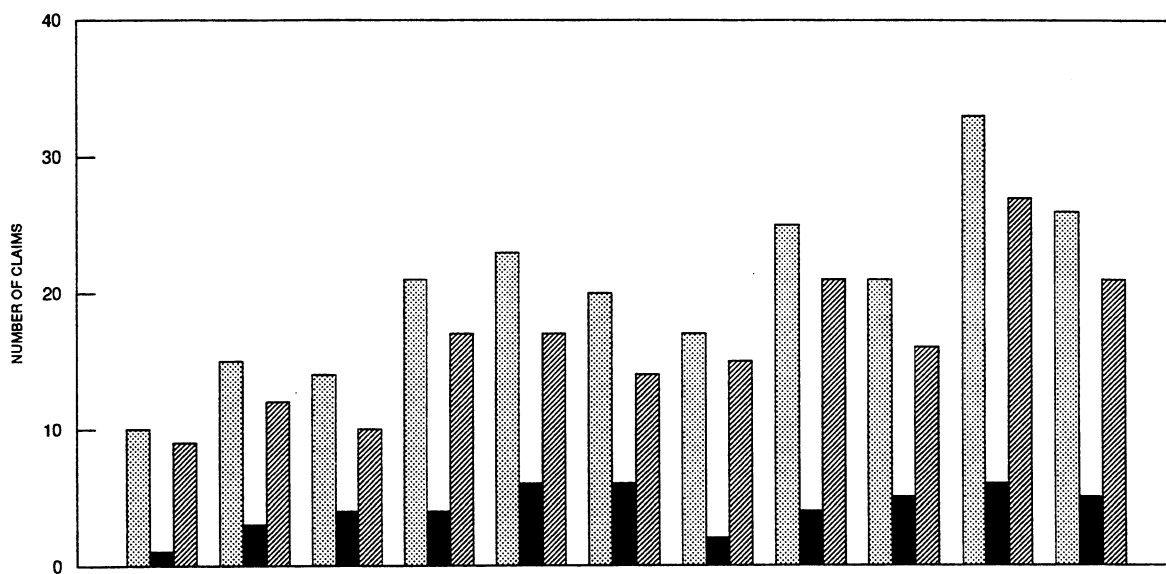
# REAL ESTATE

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$3,500	\$35,667	\$827,013	\$21,438	\$31,750	\$64,340	\$23,070	\$20,750	\$41,750	\$14,478	\$15,600
AVG LOSS EXPENSE	\$791	\$7,320	\$117,495	\$7,087	\$10,857	\$10,397	\$1,221	\$3,813	\$2,748	\$11,749	\$2,232

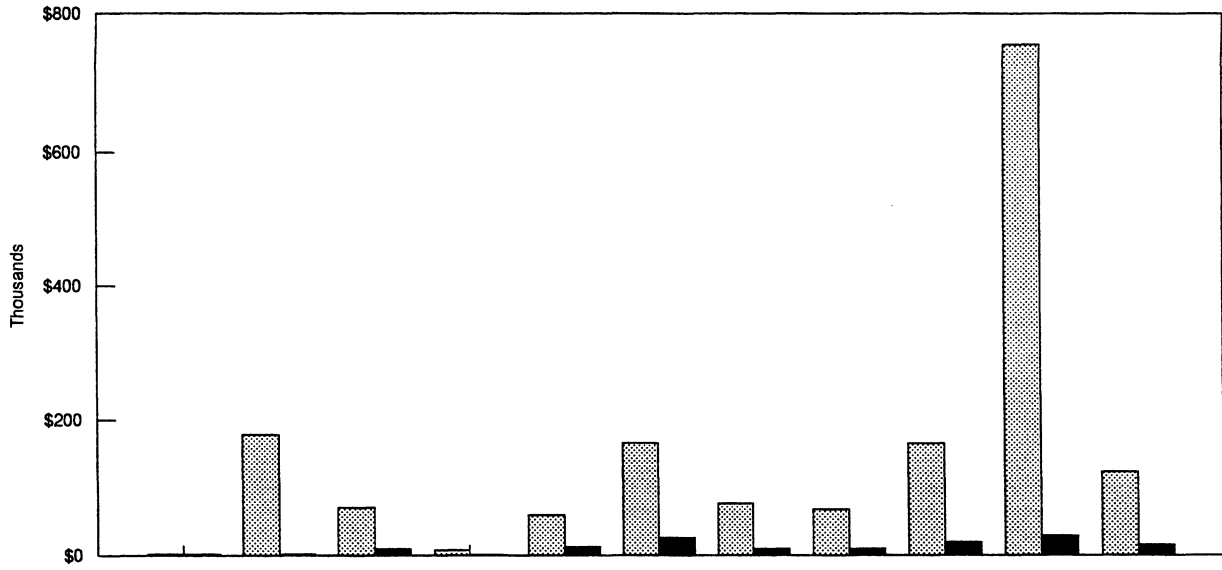
## CLAIM COUNT



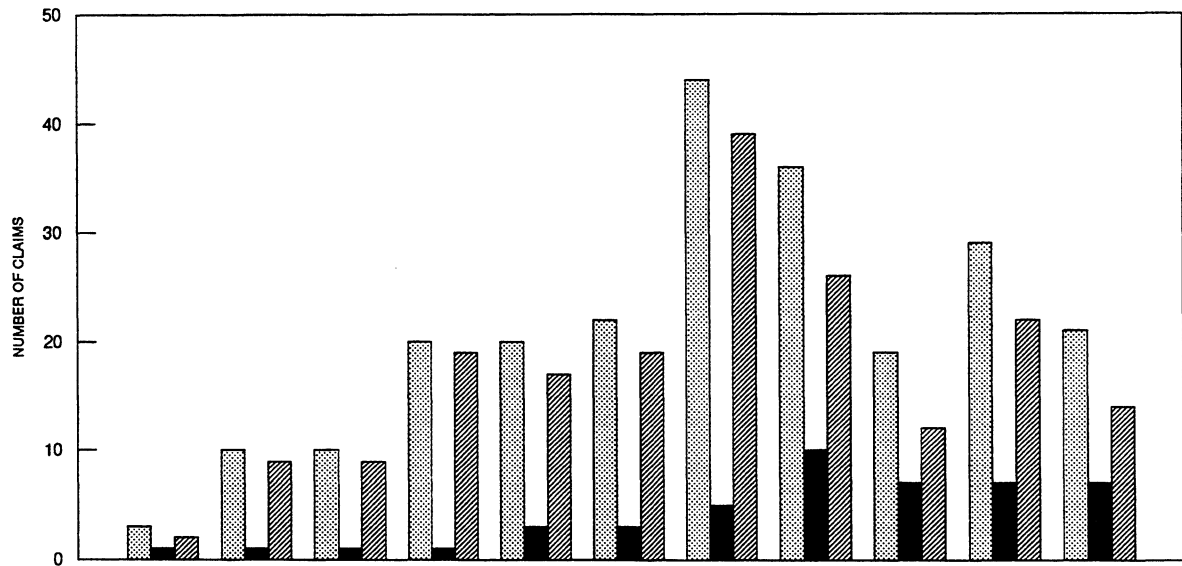
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	10	15	14	21	23	20	17	25	21	33	26
CLOSED WITH PAYMENT	1	3	4	4	6	6	2	4	5	6	5
CLOSED WITHOUT PAYMENT	9	12	10	17	17	14	15	21	16	27	21

# BUSINESS TRANSACTION/COMMERCIAL LAW

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



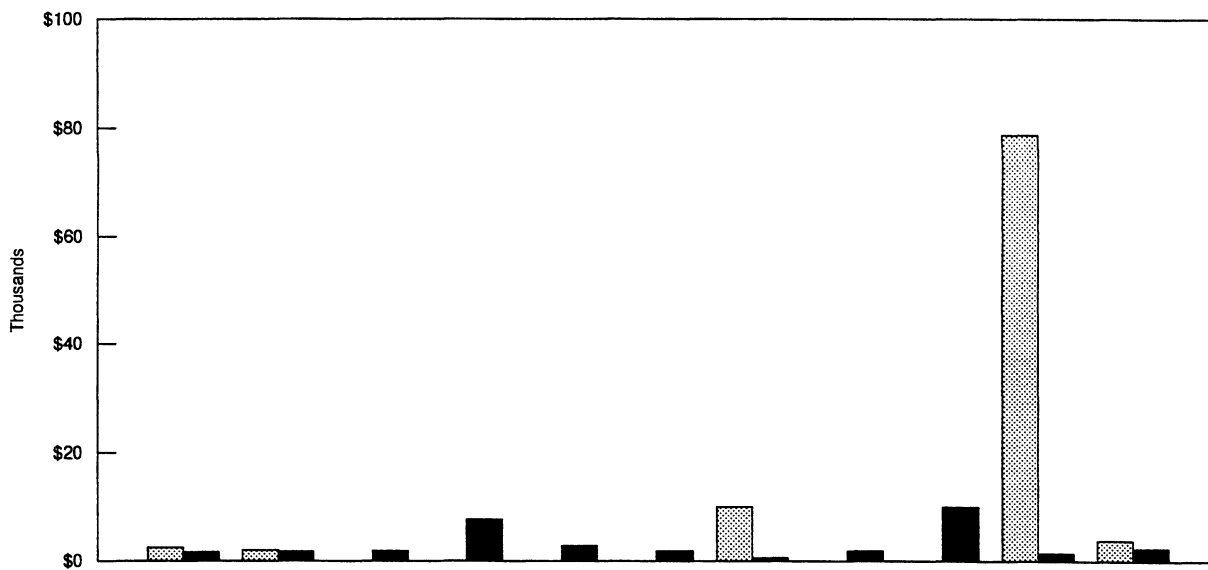
## CLAIM COUNT



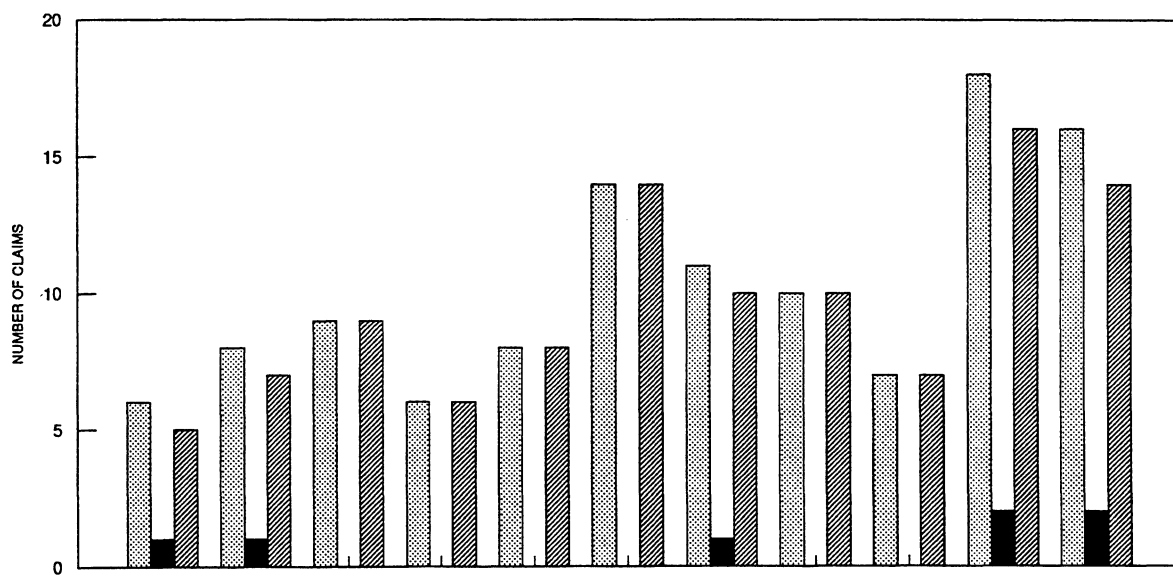
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	3	10	10	20	20	22	44	36	19	29	21
CLOSED WITH PAYMENT	1	1	1	1	3	3	5	10	7	7	7
CLOSED WITHOUT PAYMENT	2	9	9	19	17	19	39	26	12	22	14

# CRIMINAL

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

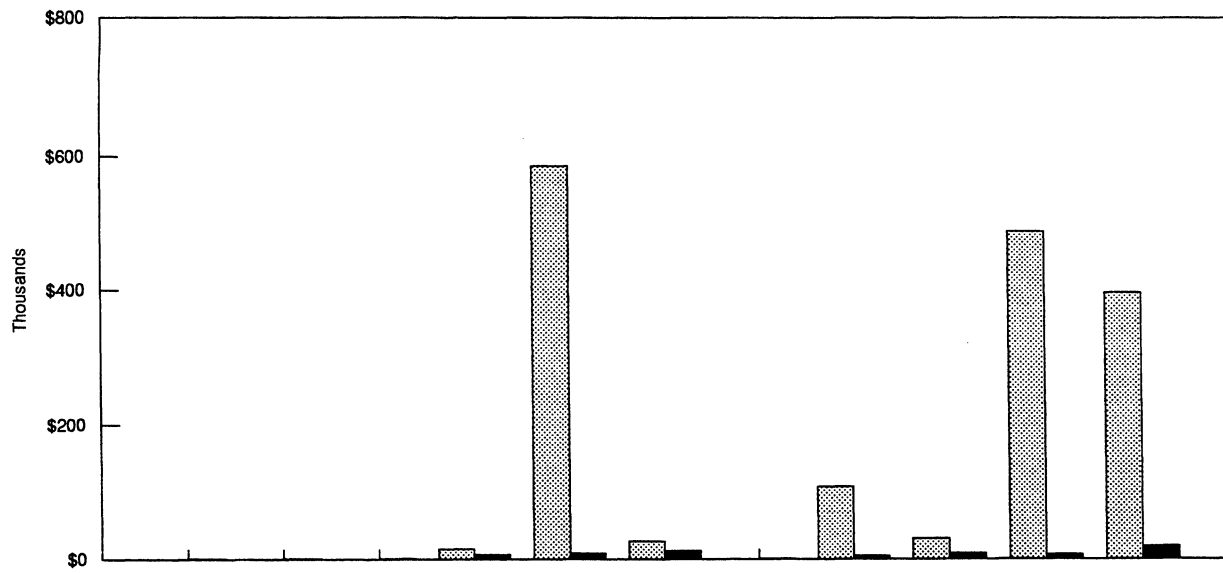


## CLAIM COUNT

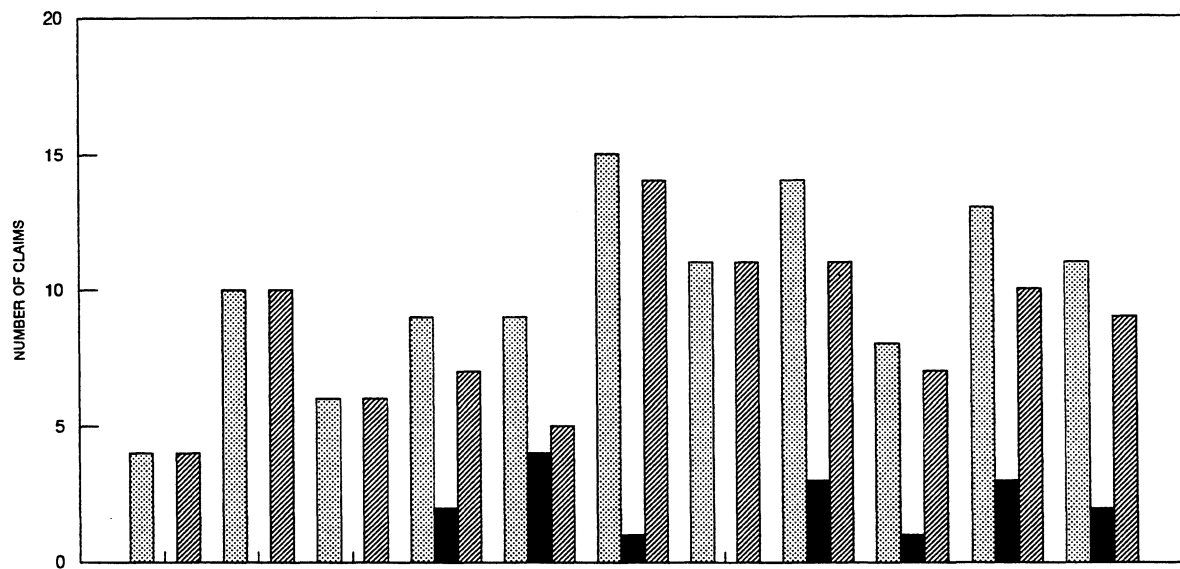


# BI/PD - DEFENDANT

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



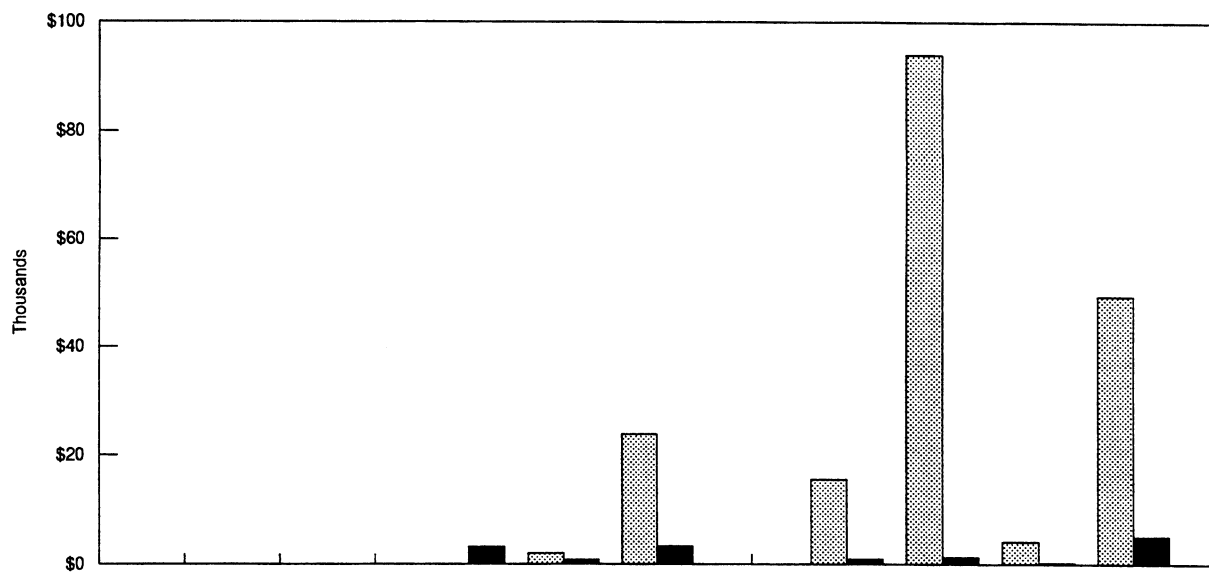
## CLAIM COUNT



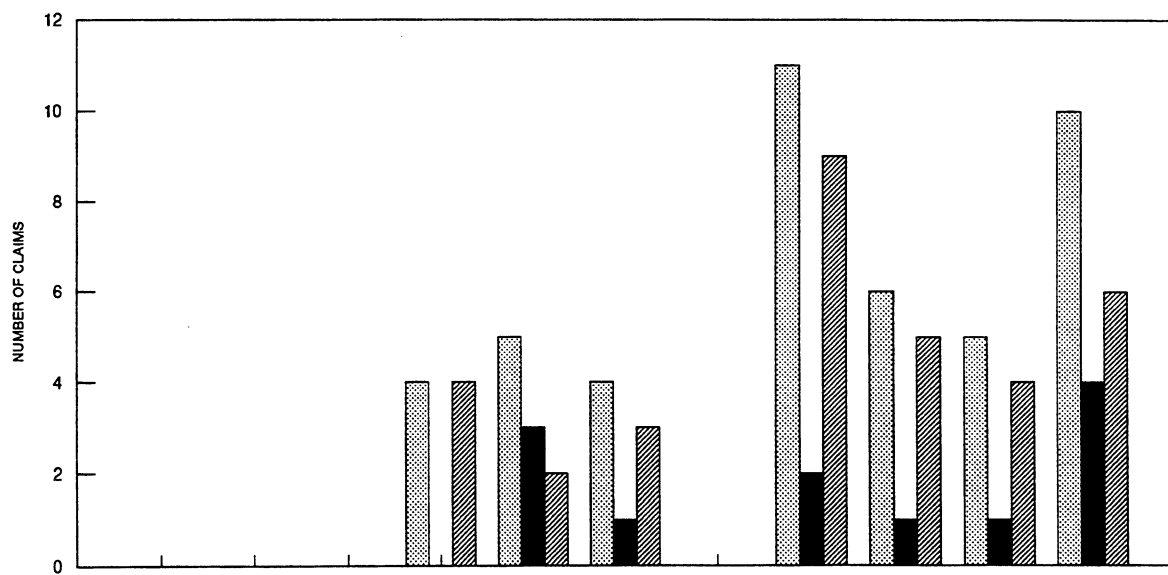
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	4	10	6	9	9	15	11	14	8	13	11
CLOSED WITH PAYMENT	0	0	0	2	4	1	0	3	1	3	2
CLOSED WITHOUT PAYMENT	4	10	6	7	5	14	11	11	7	10	9

# WORKERS COMPENSATION

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



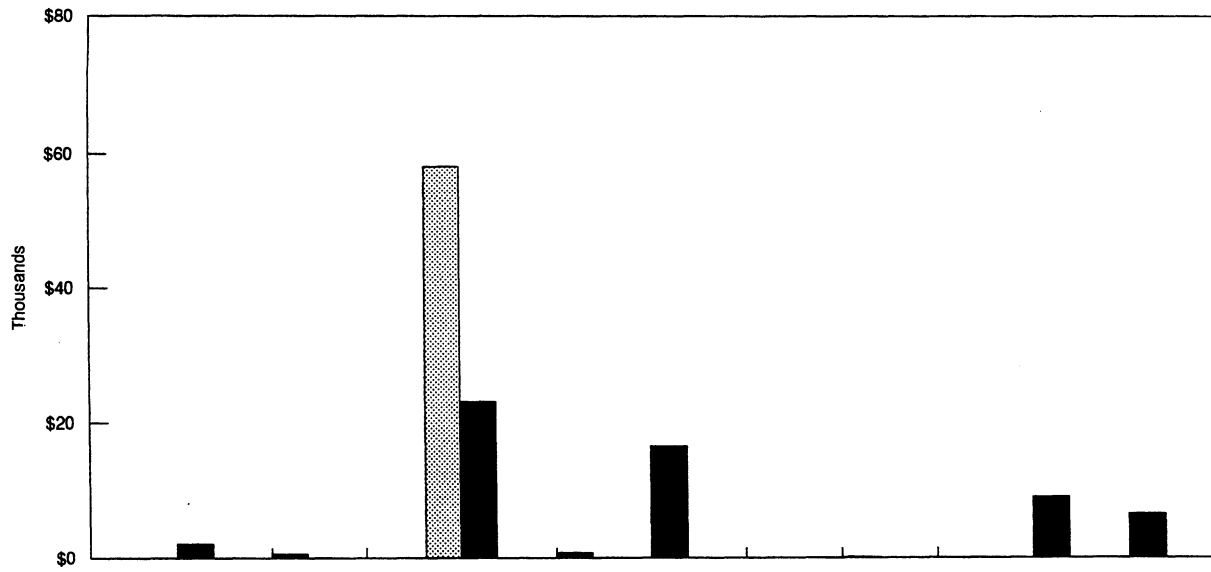
## CLAIM COUNT



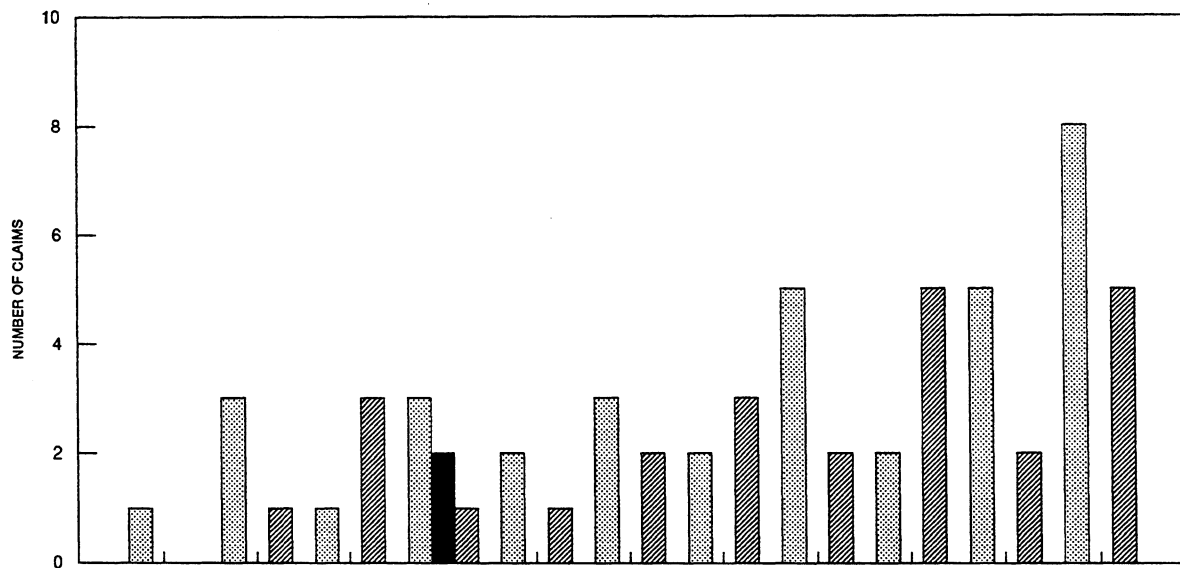
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	0	0	0	4	5	4	0	11	6	5	10
CLOSED WITH PAYMENT	0	0	0	0	3	1	0	2	1	1	4
CLOSED WITHOUT PAYMENT	0	0	0	4	2	3	0	9	5	4	6

# CIVIL RIGHTS & COMMISSION

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



## CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	1	3	1	3	2	3	2	5	2	5	8
CLOSED WITH PAYMENT	0	0	0	2	0	0	0	0	0	0	0
CLOSED WITHOUT PAYMENT	0	1	3	1	1	2	3	2	5	2	5

**ELEVEN YEAR SUMMARY  
&  
1997 SUMMARY  
BY  
MAJOR ACTIVITY**





**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1987 - 1997**

<b>MAJOR ACTIVITY CODE</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
COMMENCEMENT OF ACTION OR PROCEEDING	588	165	31.85%	\$61,656	\$10,173,289	17.65%	\$5,123
PREPARATION, TRANSMITTAL OR FILING	274	71	13.71%	\$70,505	\$5,005,865	8.68%	\$16,179
SETTLEMENT AND NEGOTIATION	273	54	10.42%	\$131,985	\$7,127,164	12.37%	\$8,063
PRE-TRIAL, PRE-HEARING	272	64	12.36%	\$127,315	\$8,148,182	14.14%	\$4,939
CONSULTATION OR ADVICE	211	45	8.69%	\$219,801	\$9,891,048	17.16%	\$18,020
TRIAL OR HEARING	131	17	3.28%	\$50,324	\$855,500	1.48%	\$3,976
OTHER	105	17	3.28%	\$290,257	\$4,934,375	8.56%	\$22,907
EX PARTE PROCEEDINGS	78	21	4.05%	\$63,578	\$1,335,133	2.32%	\$7,405
OTHER WRITTEN OPINION	60	13	2.51%	\$148,518	\$1,930,738	3.35%	\$13,912
INVESTIGATION, OTHER THAN LITIGATION	50	16	3.09%	\$239,981	\$3,839,697	6.66%	\$23,983
APPEAL ACTIVITIES	48	8	1.54%	\$47,306	\$378,445	0.66%	\$10,983
POST TRIAL OR HEARING	44	6	1.16%	\$11,350	\$68,100	0.12%	\$1,782
REFERRAL TO ANOTHER PROFESSIONAL	37	7	1.35%	\$485,782	\$3,400,477	5.90%	\$24,465
TITLE OPINION	33	5	0.97%	\$21,900	\$109,500	0.19%	\$6,524
TAX REPORTING OR PAYMENT	21	8	1.54%	\$48,409	\$387,270	0.67%	\$6,340
NOT SPECIFIED	2	1	0.19%	\$55,000	\$55,000	0.10%	\$23,127
<b>TOTAL</b>	<b>2,227</b>	<b>518</b>	<b>100.00%</b>	<b>\$111,274</b>	<b>\$57,639,783</b>	<b>100.00%</b>	<b>\$9,984</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 1997**

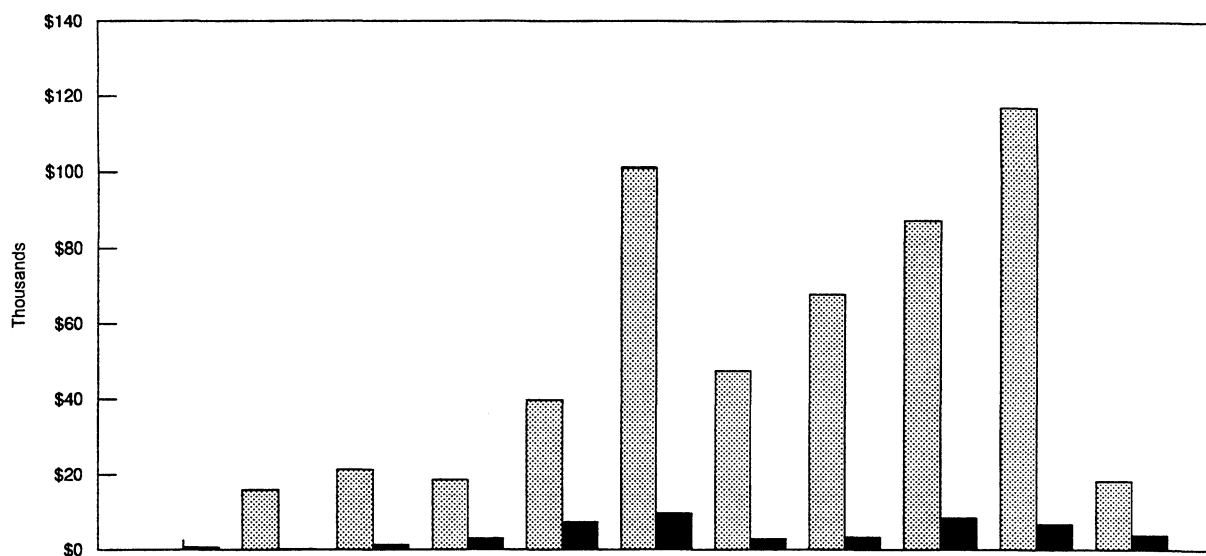
<b>MAJOR ACTIVITY CODE</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
COMMENCEMENT OF ACTION OR PROCEEDING	76	15	21.13%	\$18,322	\$274,829	6.85%	\$3,869
PREPARATION, TRANSMITTAL OR FILING	51	16	22.54%	\$70,377	\$1,126,027	28.07%	\$3,015
SETTLEMENT AND NEGOTIATION	36	9	12.68%	\$45,406	\$408,658	10.19%	\$6,472
PRE-TRIAL, PRE-HEARING	33	12	16.90%	\$43,680	\$524,162	13.06%	\$1,459
TRIAL OR HEARING	26	1	1.41%	\$13,500	\$13,500	0.34%	\$1,348
APPEAL ACTIVITIES	14	3	4.23%	\$70,000	\$210,000	5.23%	\$5,280
CONSULTATION OR ADVICE	14	5	7.04%	\$63,300	\$316,500	7.89%	\$9,600
OTHER	13	3	4.23%	\$274,777	\$824,330	20.55%	\$18,213
EX PARTE PROCEEDINGS	11	4	5.63%	\$35,875	\$143,500	3.58%	\$15,687
POST TRIAL OR HEARING	9	1	1.41%	\$11,600	\$11,600	0.29%	\$803
INVESTIGATION, OTHER THAN LITIGATION	4	1	1.41%	\$1,500	\$1,500	0.04%	\$1,073
OTHER WRITTEN OPINION	4	0	0.00%	\$0	\$0	0.00%	\$17,979
REFERRAL TO ANOTHER PROFESSIONAL	4	0	0.00%	\$0	\$0	0.00%	\$4,894
TAX REPORTING OR PAYMENT	1	1	1.41%	\$157,500	\$157,500	3.93%	\$23,763
<b>TOTAL</b>	<b>296</b>	<b>71</b>	<b>100.00%</b>	<b>\$56,509</b>	<b>\$4,012,106</b>	<b>100.00%</b>	<b>\$5,096</b>

**TRENDS  
OF THE TOP TEN  
MAJOR ACTIVITY  
OF 1997**

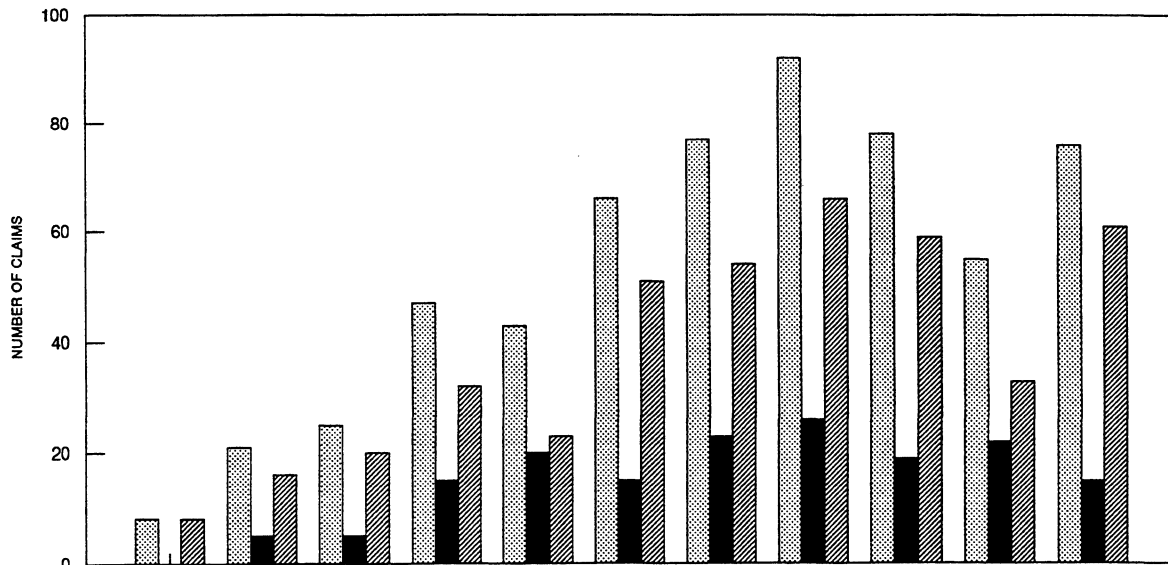


# COMMENCEMENT OF ACTION OR PROCEEDING

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



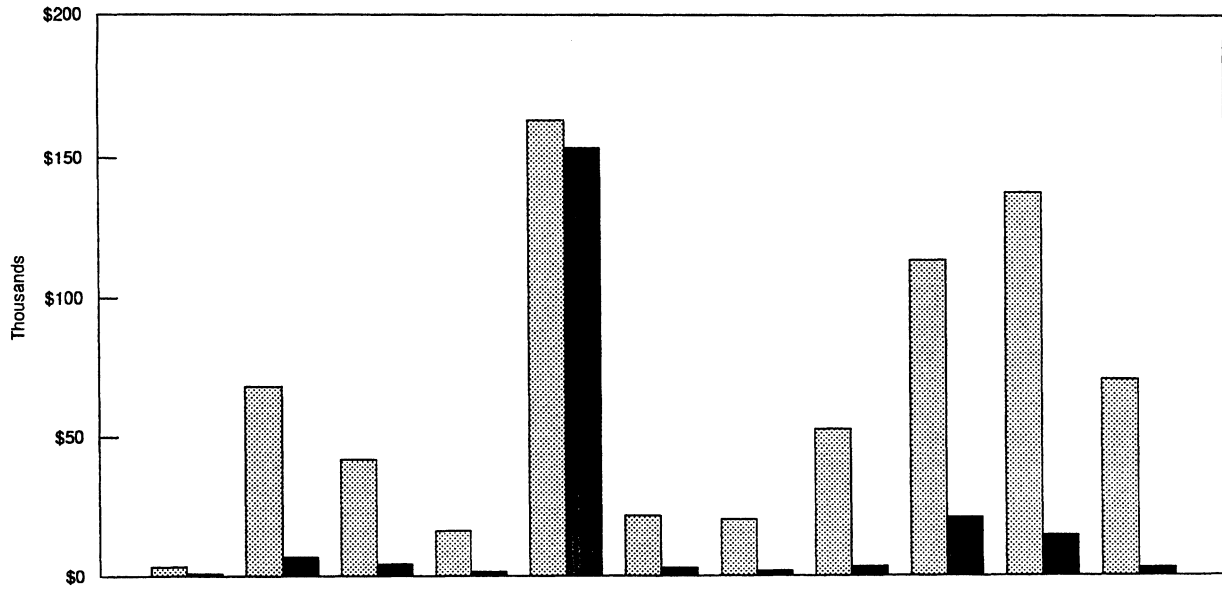
## CLAIM COUNT



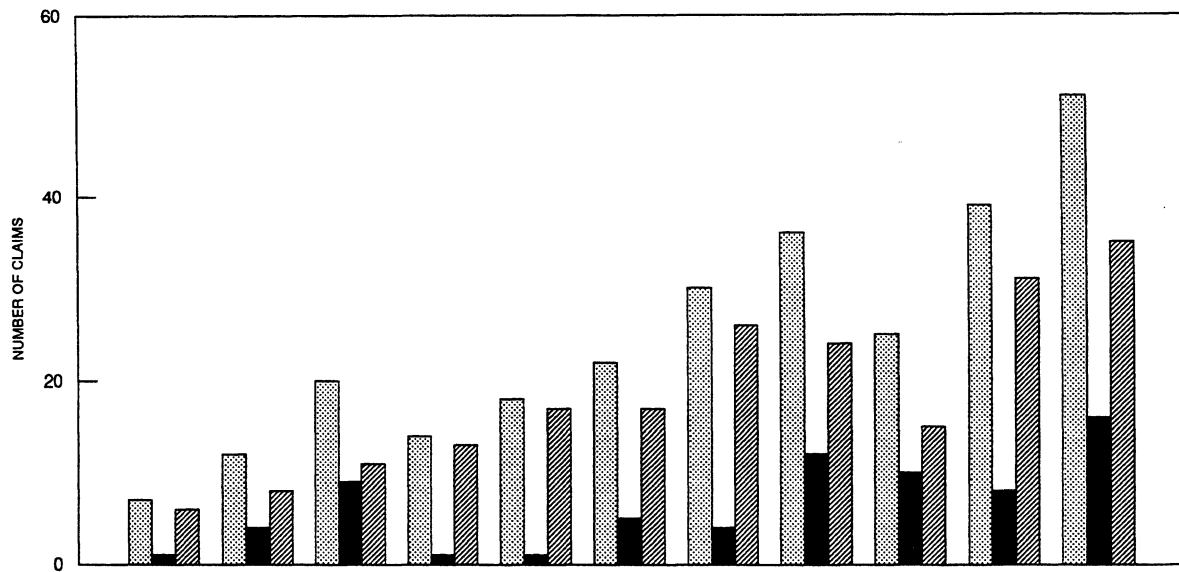
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	8	21	25	47	43	66	77	92	78	55	76
CLOSED WITH PAYMENT	0	5	5	15	20	15	23	26	19	22	15
CLOSED WITHOUT PAYMENT	8	16	20	32	23	51	54	66	59	33	61

# PREPARATION, TRANSMITTAL OR FILING

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



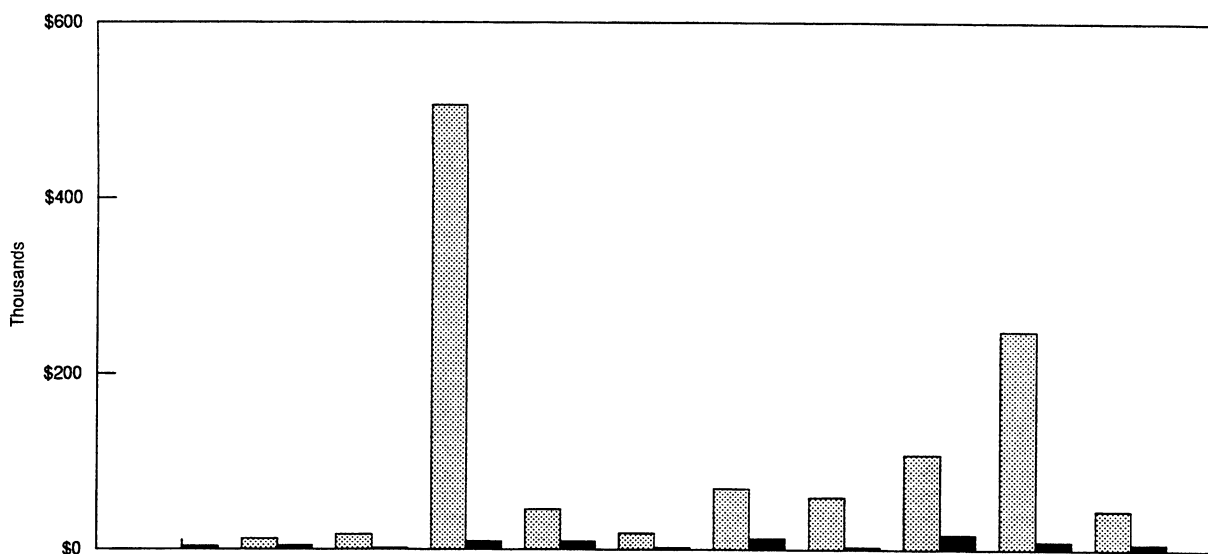
## CLAIM COUNT



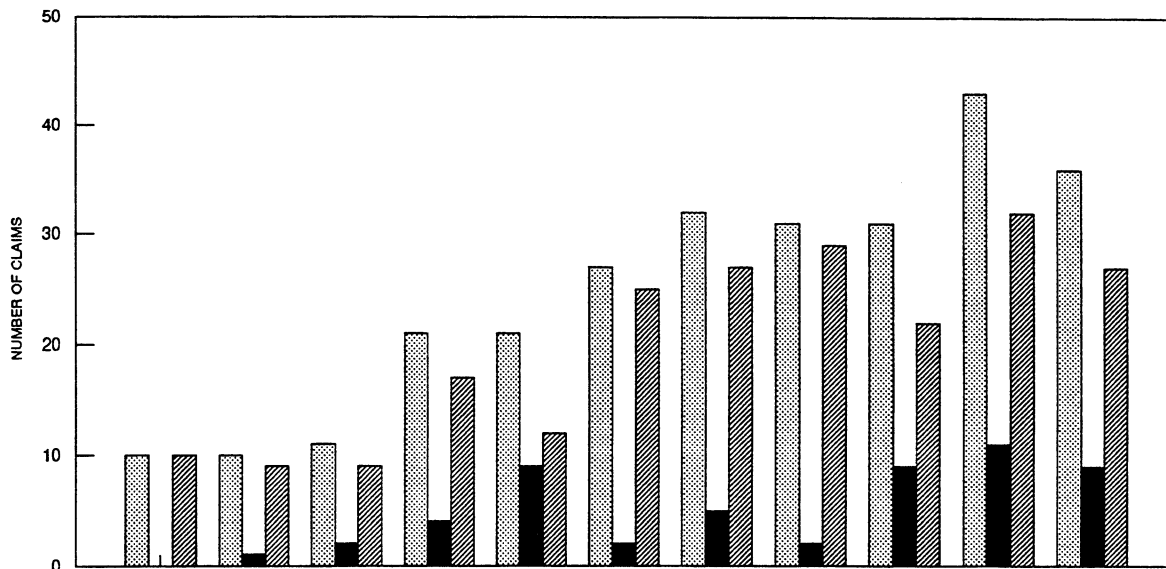
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	7	12	20	14	18	22	30	36	25	39	51
CLOSED WITH PAYMENT	1	4	9	1	1	5	4	12	10	8	16
CLOSED WITHOUT PAYMENT	6	8	11	13	17	17	26	24	15	31	35

# SETTLEMENT AND NEGOTIATION

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



## CLAIM COUNT

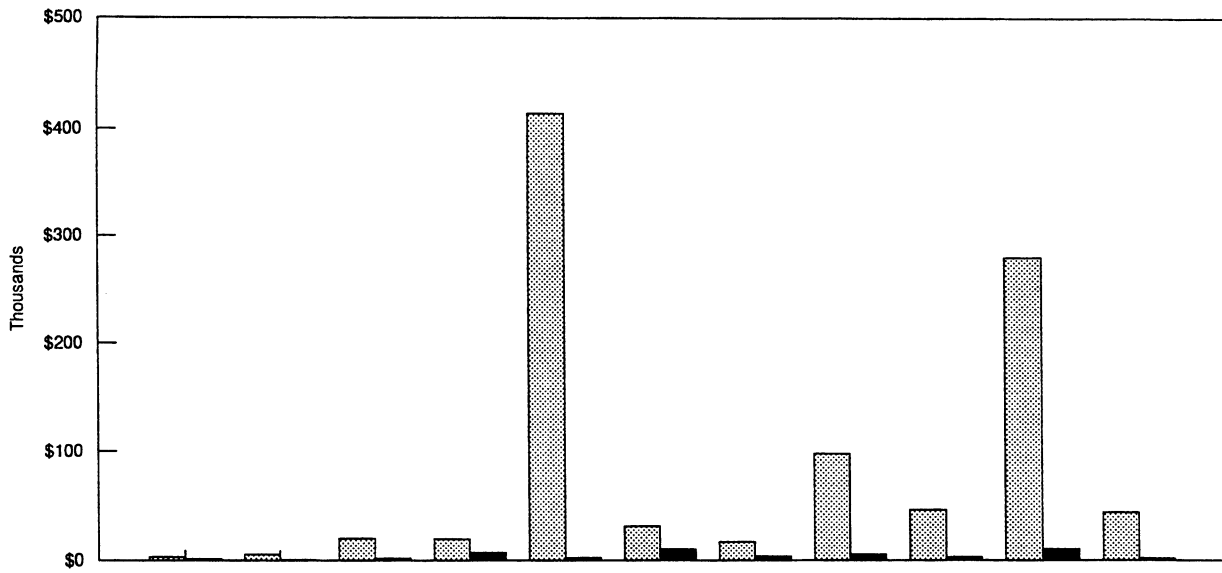


YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	10	10	11	21	21	27	32	31	31	43	36
CLOSED WITH PAYMENT	0	1	2	4	9	2	5	2	9	11	9
CLOSED WITHOUT PAYMENT	10	9	9	17	12	25	27	29	22	32	27

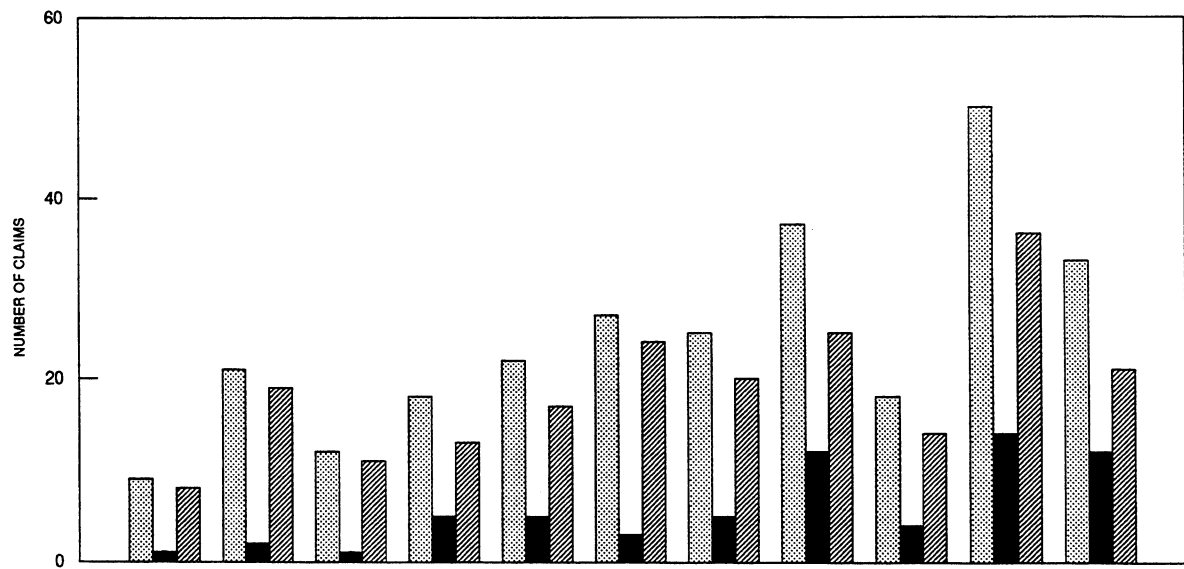


# PRE-TRIAL, PRE-HEARING

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



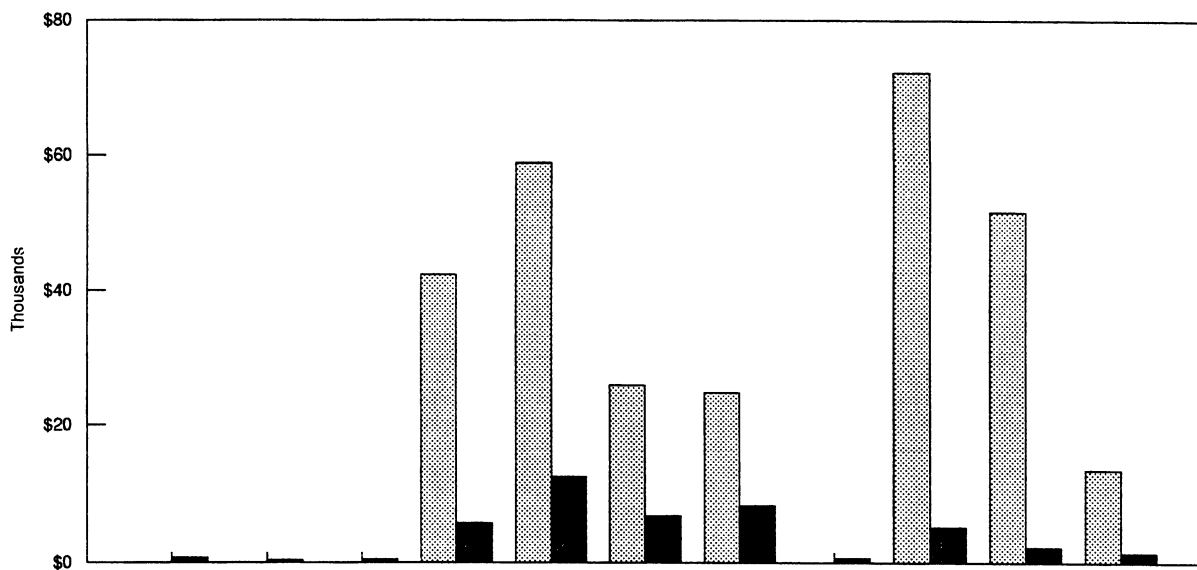
## CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	9	21	12	18	22	27	25	37	18	50	33
CLOSED WITH PAYMENT	1	2	1	5	5	3	5	12	4	14	12
CLOSED WITHOUT PAYMENT	8	19	11	13	17	24	20	25	14	36	21

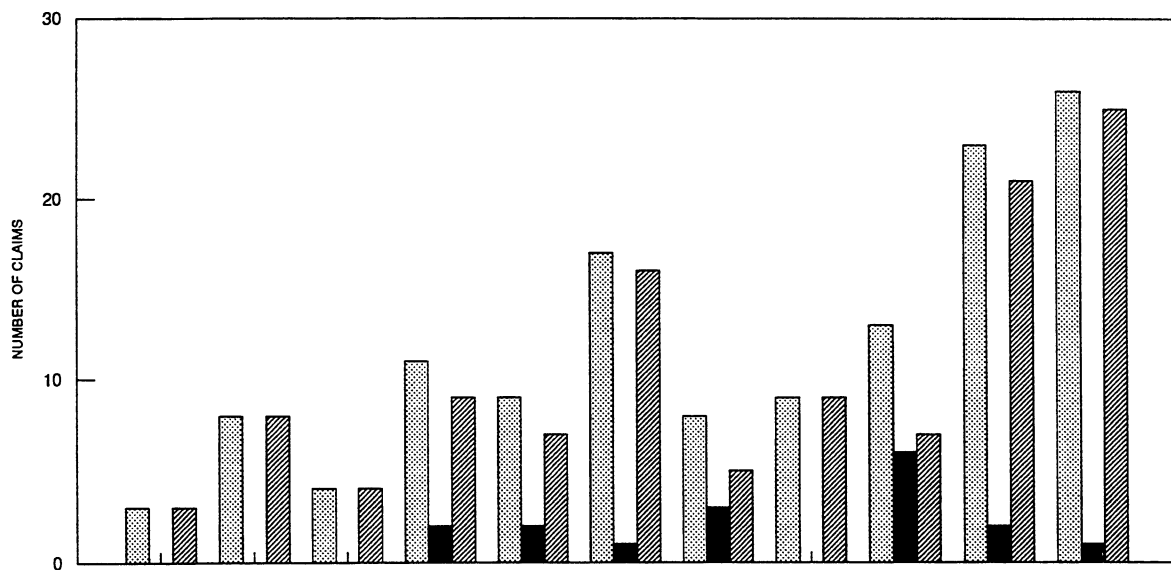
# TRIAL OR HEARING

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



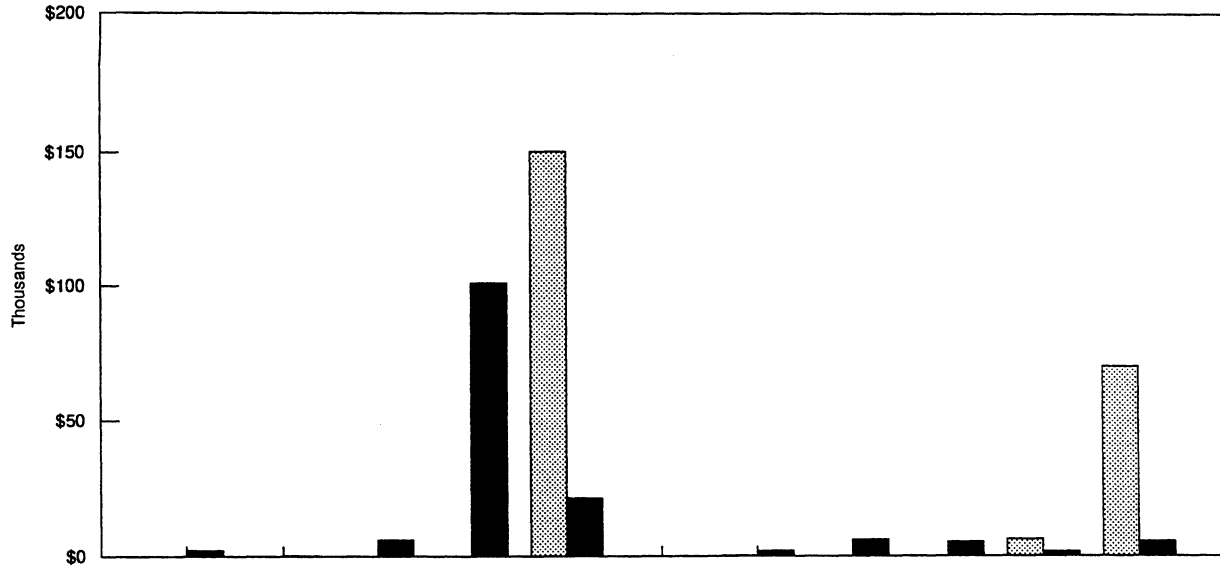
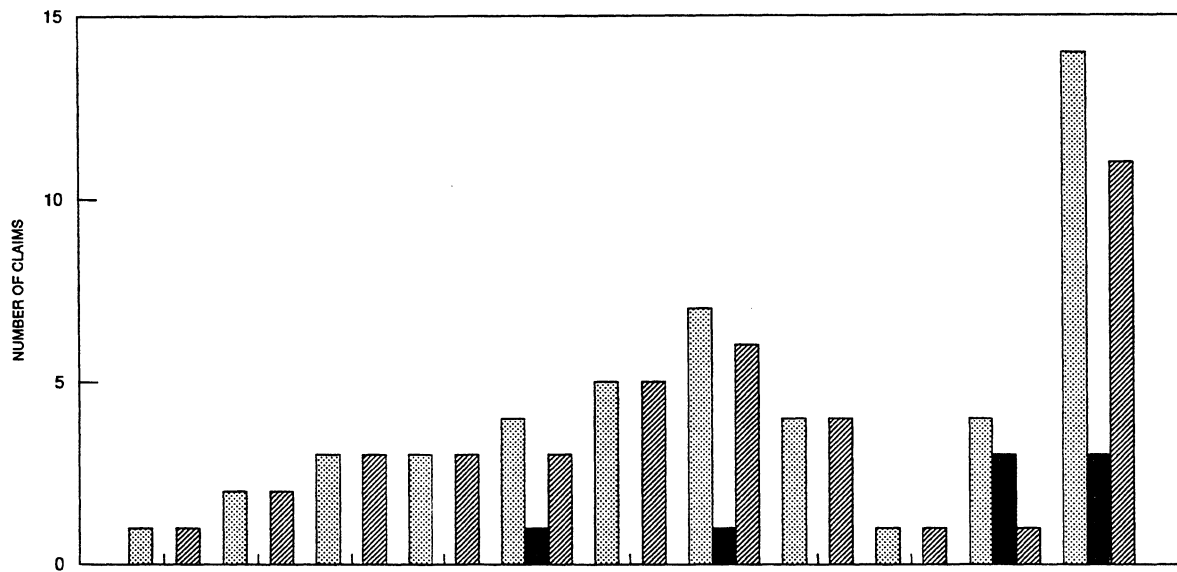
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$0	\$0	\$0	\$42,500	\$59,000	\$26,000	\$24,917	\$0	\$72,375	\$52,000	\$13,500
AVG LOSS EXPENSE	\$714	\$333	\$455	\$5,703	\$12,410	\$6,748	\$8,309	\$622	\$5,150	\$2,220	\$1,348

## CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	3	8	4	11	9	17	8	9	13	23	26
CLOSED WITH PAYMENT	0	0	0	2	2	1	3	0	6	2	1
CLOSED WITHOUT PAYMENT	3	8	4	9	7	16	5	9	7	21	25

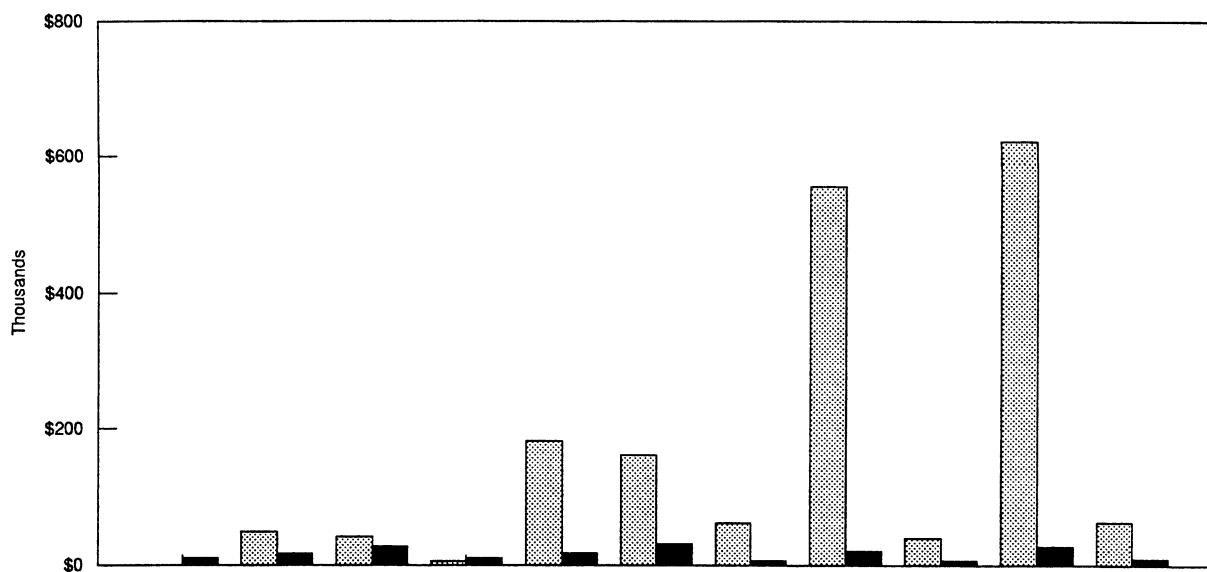
# APPEAL ACTIVITIES

**AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE**

**CLAIM COUNT**


YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	1	2	3	3	4	5	7	4	1	4	14
CLOSED WITH PAYMENT	0	0	0	0	1	0	1	0	0	3	3
CLOSED WITHOUT PAYMENT	1	2	3	3	3	5	6	4	1	1	11

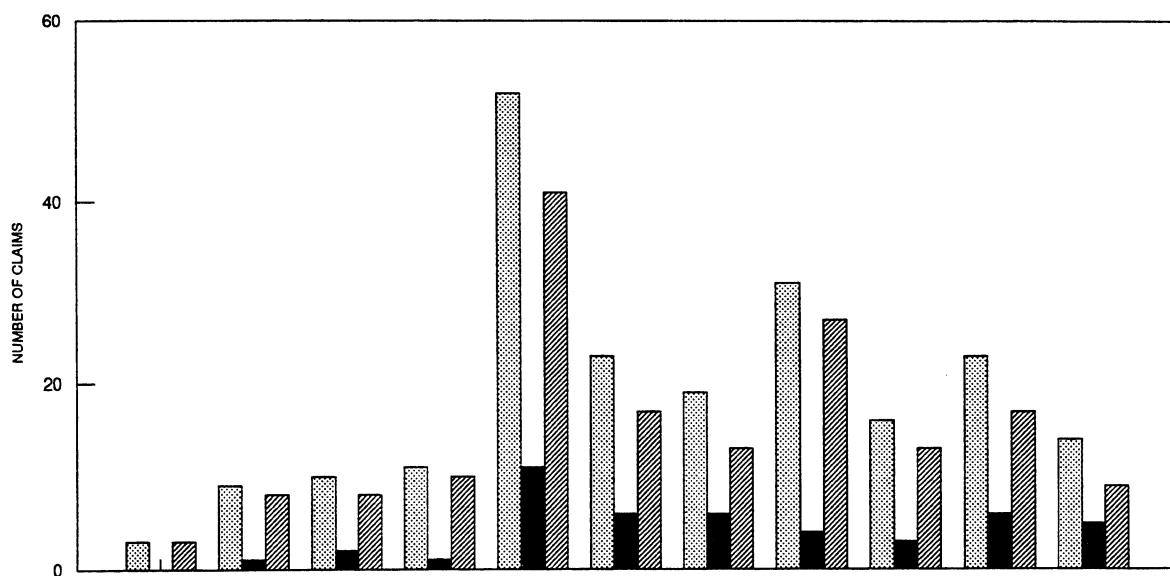
## CONSULTATION OR ADVICE

AVERAGE PAID INDEMNITY &amp; AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$0	\$49,000	\$41,250	\$5,500	\$182,278	\$161,466	\$62,190	\$558,566	\$39,597	\$622,917	\$63,300
AVG LOSS EXPENSE	\$9,949	\$16,941	\$27,008	\$10,468	\$17,374	\$30,542	\$6,202	\$20,811	\$6,412	\$27,337	\$9,600

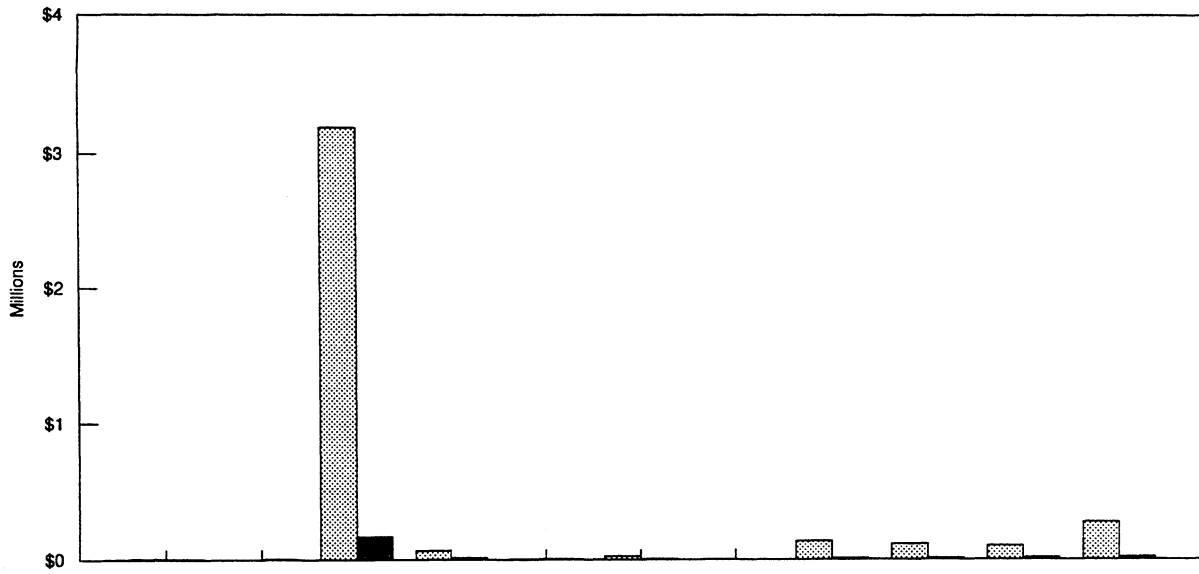
CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	3	9	10	11	52	23	19	31	16	23	14
CLOSED WITH PAYMENT	0	1	2	1	11	6	6	4	3	6	5
CLOSED WITHOUT PAYMENT	3	8	8	10	41	17	13	27	13	17	9

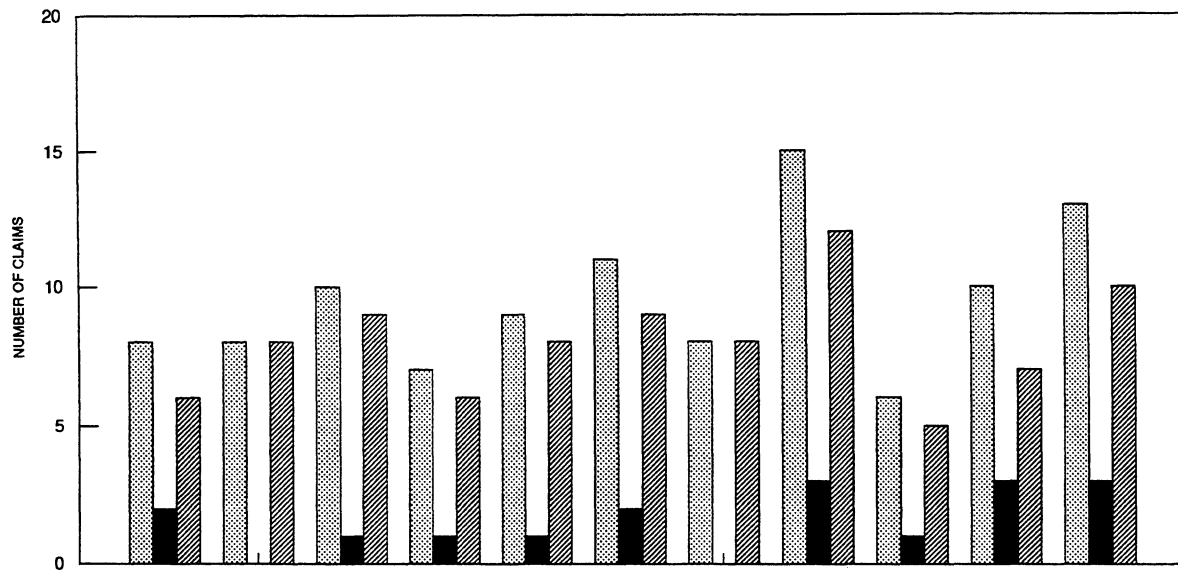
## OTHER

AVERAGE PAID INDEMNITY &amp; AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$1,688	\$0	\$3,188,052	\$65,000	\$1,250	\$19,468	\$0	\$138,167	\$110,000	\$96,311	\$274,777
AVG LOSS EXPENSE	\$1,450	\$3,402	\$167,155	\$14,065	\$2,137	\$4,160	\$0	\$6,998	\$8,704	\$13,744	\$18,213

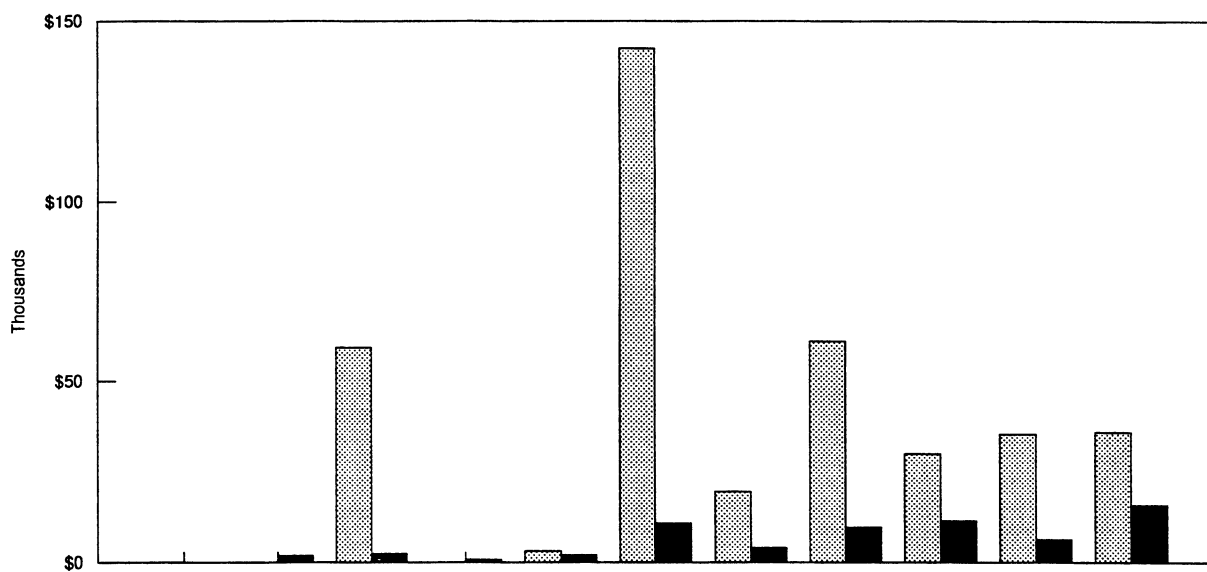
CLAIM COUNT



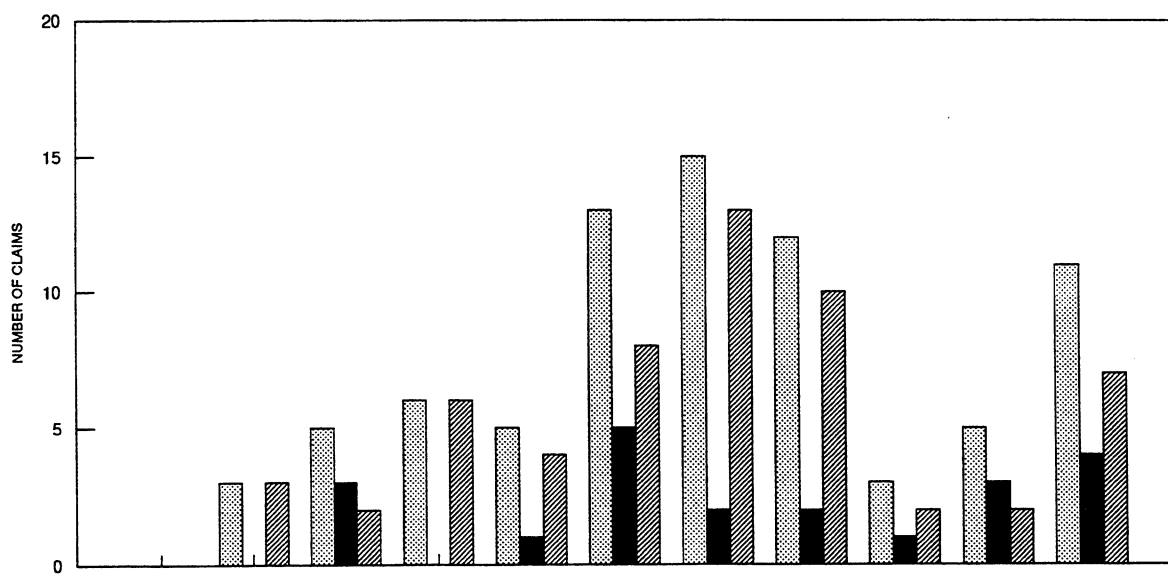
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	8	8	10	7	9	11	8	15	6	10	13
CLOSED WITH PAYMENT	2	0	1	1	1	2	0	3	1	3	3
CLOSED WITHOUT PAYMENT	6	8	9	6	8	9	8	12	5	7	10

# EXPORTE PROCEEDINGS

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



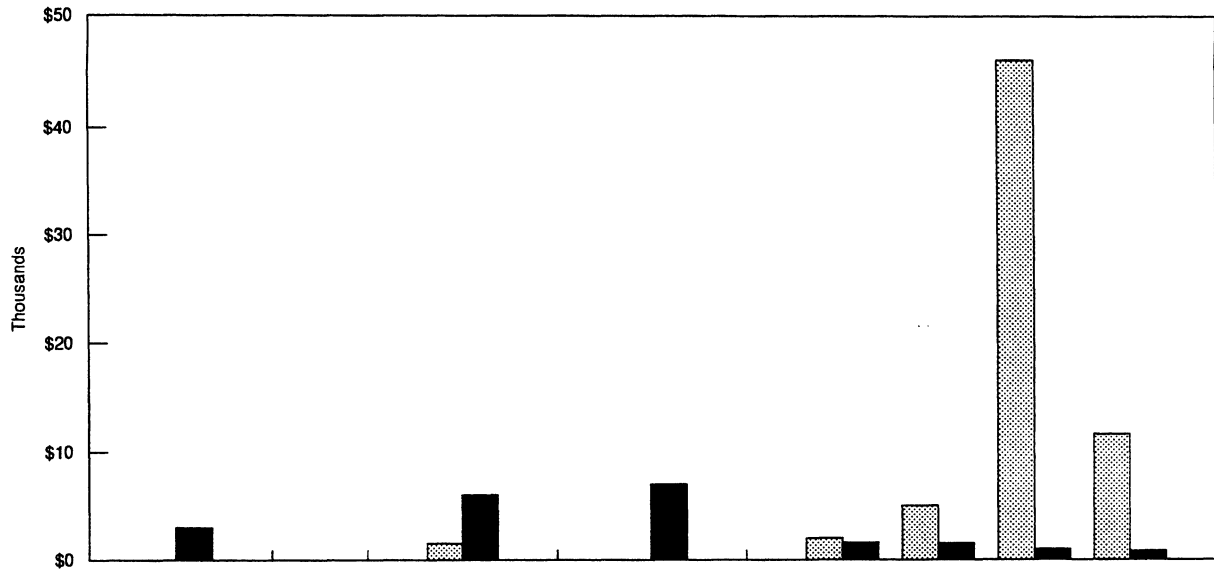
## CLAIM COUNT



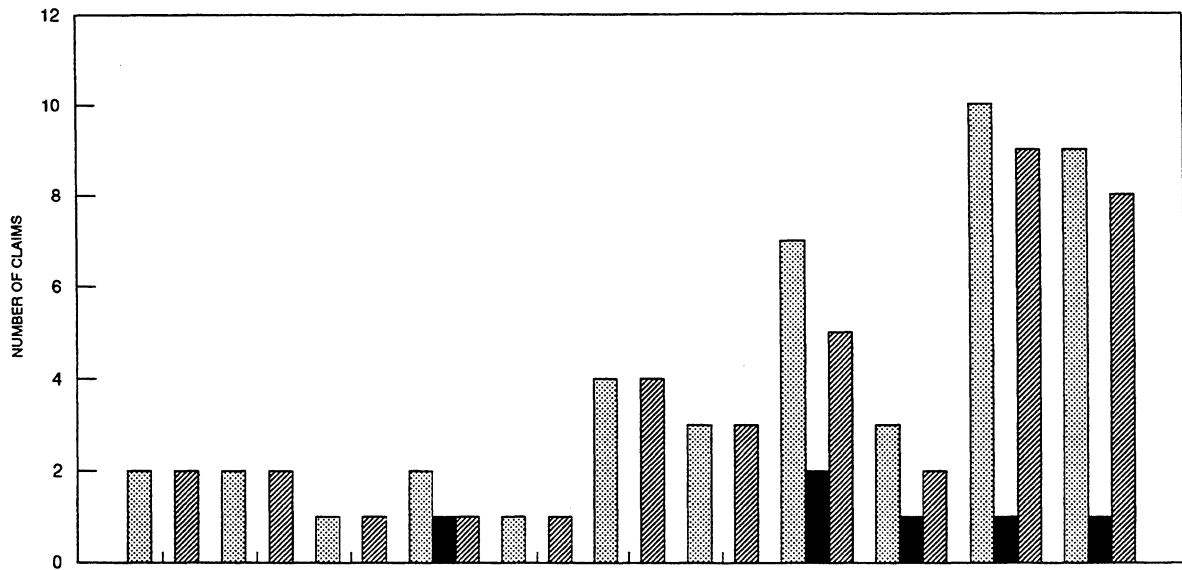
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	0	3	5	6	5	13	15	12	3	5	11
CLOSED WITH PAYMENT	0	0	3	0	1	5	2	2	1	3	4
CLOSED WITHOUT PAYMENT	0	3	2	6	4	8	13	10	2	2	7

# POST TRIAL OR HEARING

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



## CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	2	2	1	2	1	4	3	7	3	10	9
CLOSED WITH PAYMENT	0	0	0	1	0	0	0	2	1	1	1
CLOSED WITHOUT PAYMENT	2	2	1	1	1	4	3	5	2	9	8

**ELEVEN YEAR SUMMARY  
&  
1997 SUMMARY  
BY  
ALLEGED ERRORS OR OMISSIONS**





**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1987 - 1997**

<b>ERROR OR OMISSION</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
PLANNING OR STRATEGY ERROR	286	52	10.04%	\$127,818	\$6,646,523	11.53%	\$7,141
FAIL TO ASCERTAIN DEADLINE CORRECTLY	244	103	19.88%	\$54,400	\$5,603,186	9.72%	\$3,323
FAIL TO KNOW OR PROPERLY APPLY THE LAW	214	58	11.20%	\$137,863	\$7,996,049	13.87%	\$8,812
INADEQUATE INVESTIGATION	149	36	6.95%	\$157,012	\$5,652,438	9.81%	\$14,869
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	148	18	3.47%	\$35,143	\$632,578	1.10%	\$6,048
PROCRASTINATION OR LACK OF FOLLOW-UP	141	32	6.18%	\$92,715	\$2,966,880	5.15%	\$3,299
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	127	17	3.28%	\$56,655	\$963,143	1.67%	\$3,969
FRAUD	124	15	2.90%	\$278,985	\$4,184,778	7.26%	\$42,672
CONFLICT OF INTEREST	123	29	5.60%	\$329,855	\$9,565,796	16.60%	\$12,295
FAIL TO OBTAIN CLIENTS CONSENT	114	23	4.44%	\$113,084	\$2,600,928	4.51%	\$13,361
FAILURE TO CALENDAR PROPERLY	114	41	7.92%	\$29,479	\$1,208,645	2.10%	\$2,856
OTHER	98	22	4.25%	\$204,735	\$4,504,164	7.81%	\$27,435
VIOLATION OF CIVIL RIGHTS	83	2	0.39%	\$287,624	\$575,248	1.00%	\$4,161
FAIL TO ANTICIPATE TAX CONSEQUENCES	52	16	3.09%	\$45,382	\$726,114	1.26%	\$9,829
FAILURE TO REACT TO CALENDAR	43	15	2.90%	\$40,461	\$606,910	1.05%	\$5,408
IMPROPER WITHDRAWAL FROM REPRESENTATION	38	8	1.54%	\$30,813	\$246,500	0.43%	\$8,509
ERROR IN PUBLIC RECORD SEARCH	36	5	0.97%	\$35,700	\$178,500	0.31%	\$4,532
CLERICAL ERROR	31	7	1.35%	\$39,600	\$277,202	0.48%	\$2,281
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	25	10	1.93%	\$42,000	\$420,000	0.73%	\$7,005
LIBEL OR SLANDER	23	2	0.39%	\$6,500	\$13,000	0.02%	\$3,199
LOST FILE, DOCUMENT OR EVIDENCE	7	3	0.58%	\$664,257	\$1,992,770	3.46%	\$5,488
ERROR IN MATHEMATICAL CALCULATION	5	3	0.58%	\$7,811	\$23,433	0.04%	\$19,184
NOT SPECIFIED	2	1	0.19%	\$55,000	\$55,000	0.10%	\$23,127
<b>TOTAL</b>	<b>2,227</b>	<b>518</b>	<b>100.00%</b>	<b>\$111,274</b>	<b>\$57,639,783</b>	<b>100.00%</b>	<b>\$9,984</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 1997**

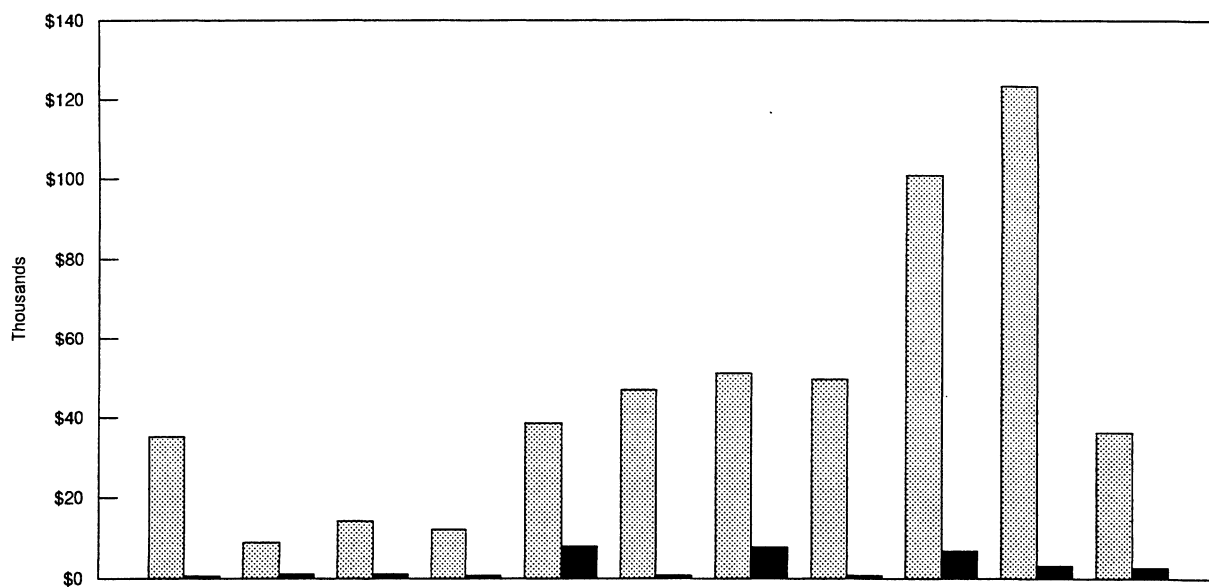
<b>ERROR OR OMISSION</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
FAIL TO ASCERTAIN DEADLINE CORRECTLY	58	23	32.39%	\$36,555	\$840,768	20.96%	\$2,615
PLANNING OR STRATEGY ERROR	51	12	16.90%	\$46,120	\$553,437	13.79%	\$9,190
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	31	4	5.63%	\$117,973	\$471,893	11.76%	\$238
FAIL TO KNOW OR PROPERLY APPLY THE LAW	24	6	8.45%	\$168,401	\$1,010,408	25.18%	\$12,062
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	23	1	1.41%	\$15,000	\$15,000	0.37%	\$2,062
PROCRASTINATION OR LACK OF FOLLOW-UP	20	3	4.23%	\$23,333	\$70,000	1.74%	\$343
FRAUD	18	4	5.63%	\$23,875	\$95,500	2.38%	\$9,407
FAIL TO OBTAIN CLIENTS CONSENT	14	2	2.82%	\$93,300	\$186,600	4.65%	\$5,622
VIOLATION OF CIVIL RIGHTS	9	0	0.00%	\$0	\$0	0.00%	\$222
FAILURE TO CALENDAR PROPERLY	8	2	2.82%	\$6,250	\$12,500	0.31%	\$1,887
FAIL TO ANTICIPATE TAX CONSEQUENCES	7	3	4.23%	\$112,500	\$337,500	8.41%	\$5,607
INADEQUATE INVESTIGATION	6	4	5.63%	\$17,875	\$71,500	1.78%	\$14,512
FAILURE TO REACT TO CALENDAR	5	0	0.00%	\$0	\$0	0.00%	\$822
OTHER	5	3	4.23%	\$93,333	\$280,000	6.98%	\$8,604
CLERICAL ERROR	4	1	1.41%	\$18,500	\$18,500	0.46%	\$9,377
CONFLICT OF INTEREST	4	0	0.00%	\$0	\$0	0.00%	\$402
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	3	1	1.41%	\$5,000	\$5,000	0.12%	\$5,952
IMPROPER WITHDRAWAL FROM REPRESENTATION	3	2	2.82%	\$21,750	\$43,500	1.08%	\$11,835
LIBEL OR SLANDER	3	0	0.00%	\$0	\$0	0.00%	\$1,944
<b>TOTAL</b>	<b>296</b>	<b>71</b>	<b>100.00%</b>	<b>\$56,509</b>	<b>\$4,012,106</b>	<b>100.00%</b>	<b>\$5,096</b>

**TRENDS  
OF THE TOP TEN  
ERRORS OR OMISSIONS  
OF 1997**



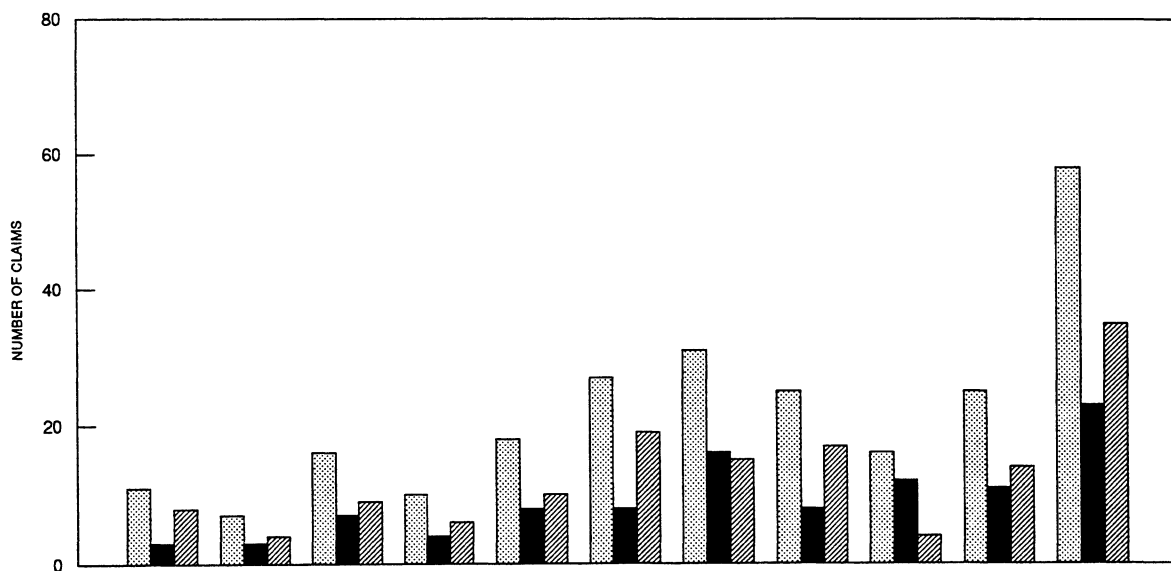
# FAIL TO ASCERTAIN DEADLINE CORRECTLY

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$35,242	\$9,000	\$14,214	\$12,188	\$38,781	\$47,037	\$51,336	\$49,781	\$101,481	\$123,409	\$36,555
AVG LOSS EXPENSE	\$609	\$1,024	\$1,153	\$807	\$7,934	\$769	\$7,844	\$836	\$6,883	\$3,243	\$2,615

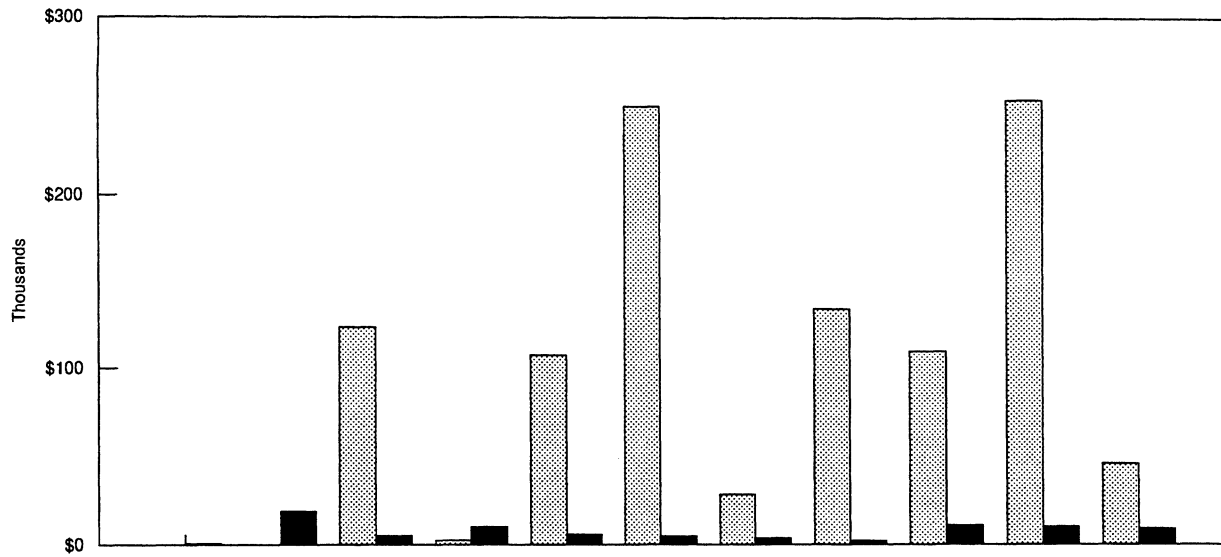
## CLAIM COUNT



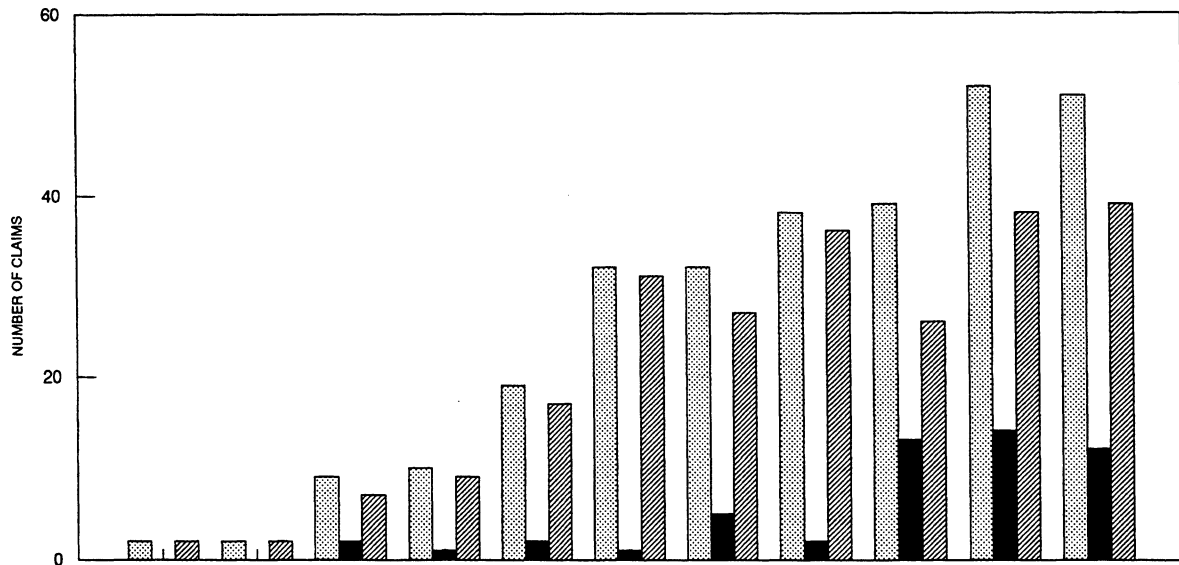
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	11	7	16	10	18	27	31	25	16	25	58
CLOSED WITH PAYMENT	3	3	7	4	8	8	16	8	12	11	23
CLOSED WITHOUT PAYMENT	8	4	9	6	10	19	15	17	4	14	35

## PLANNING OR STRATEGY ERROR

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



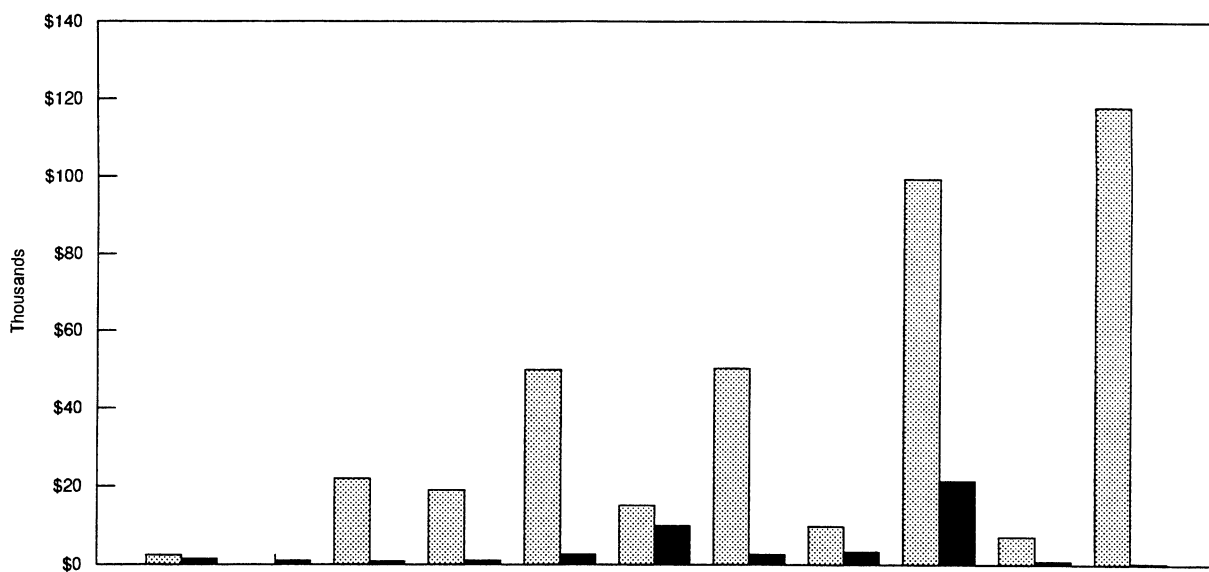
### CLAIM COUNT



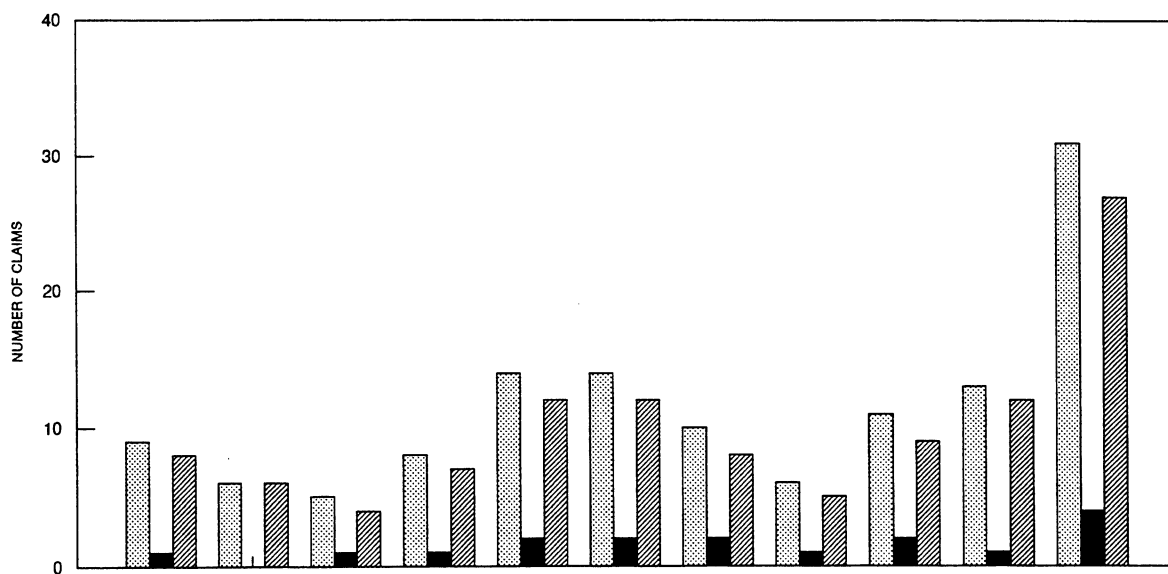
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	2	2	9	10	19	32	32	38	39	52	51
CLOSED WITH PAYMENT	0	0	2	1	2	1	5	2	13	14	12
CLOSED WITHOUT PAYMENT	2	2	7	9	17	31	27	36	26	38	39

# FAIL TO FOLLOW CLIENTS INSTRUCTIONS

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



## CLAIM COUNT

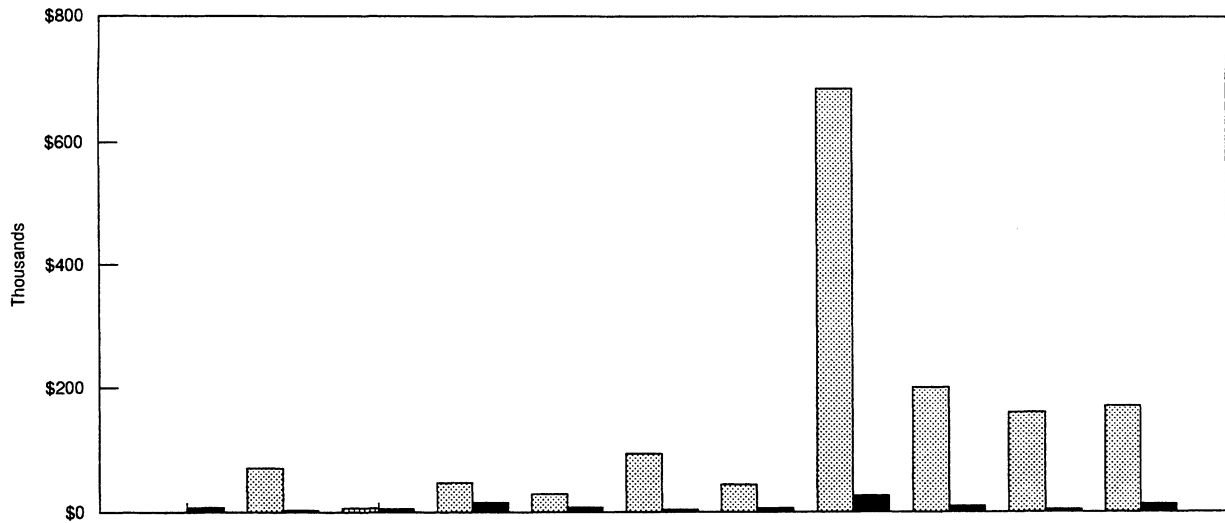


YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	9	6	5	8	14	14	10	6	11	13	31
CLOSED WITH PAYMENT	1	0	1	1	2	2	2	1	2	1	4
CLOSED WITHOUT PAYMENT	8	6	4	7	12	12	8	5	9	12	27

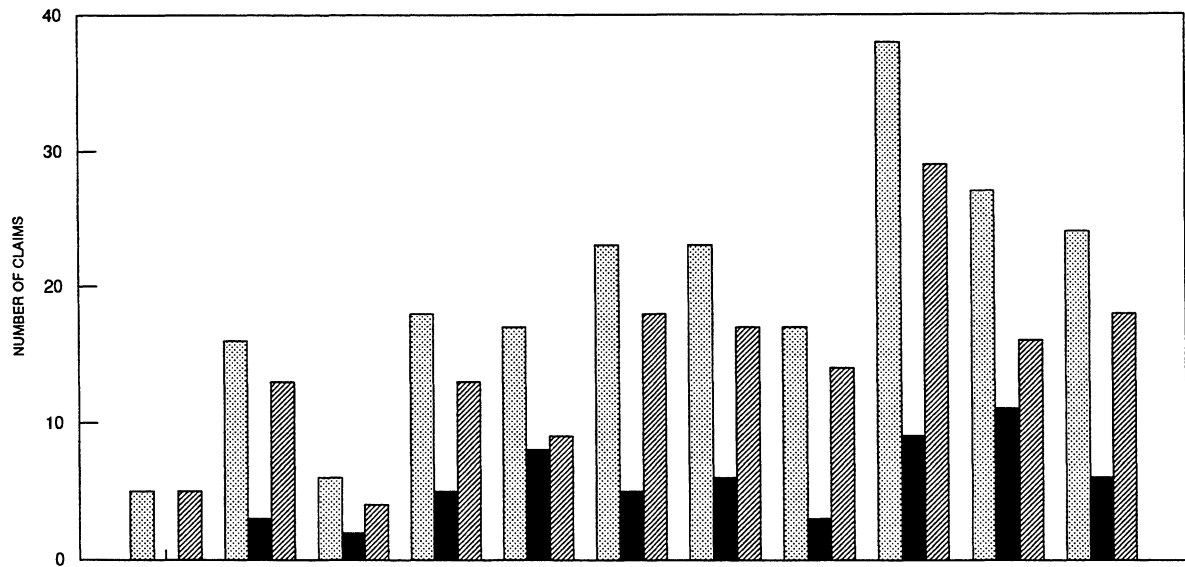


# FAIL TO KNOW OR PROPERLY APPLY THE LAW

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



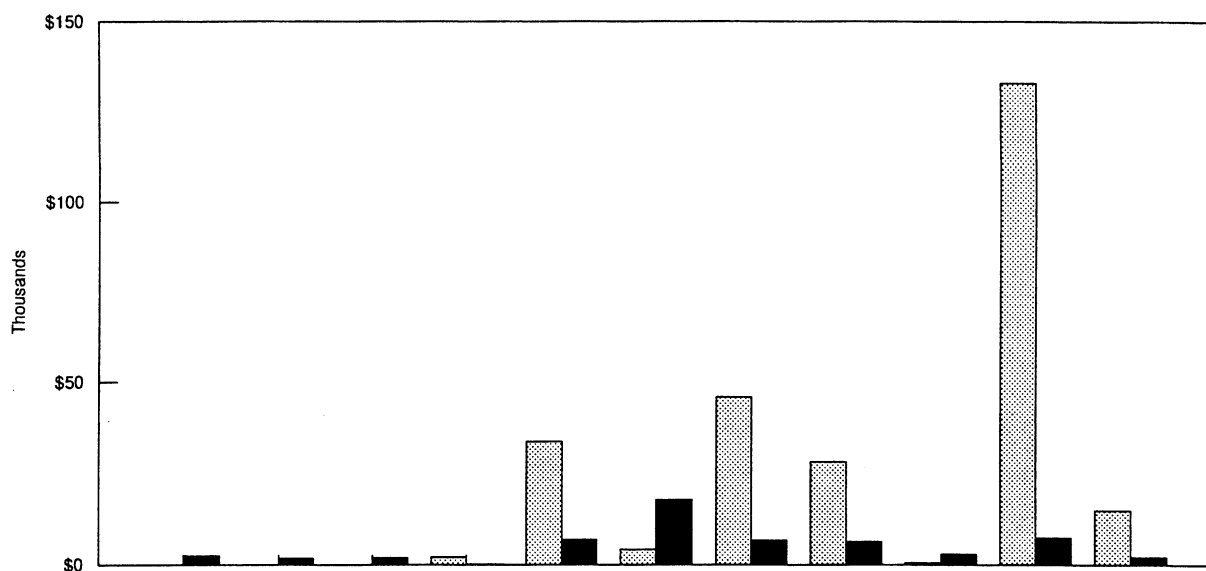
## CLAIM COUNT



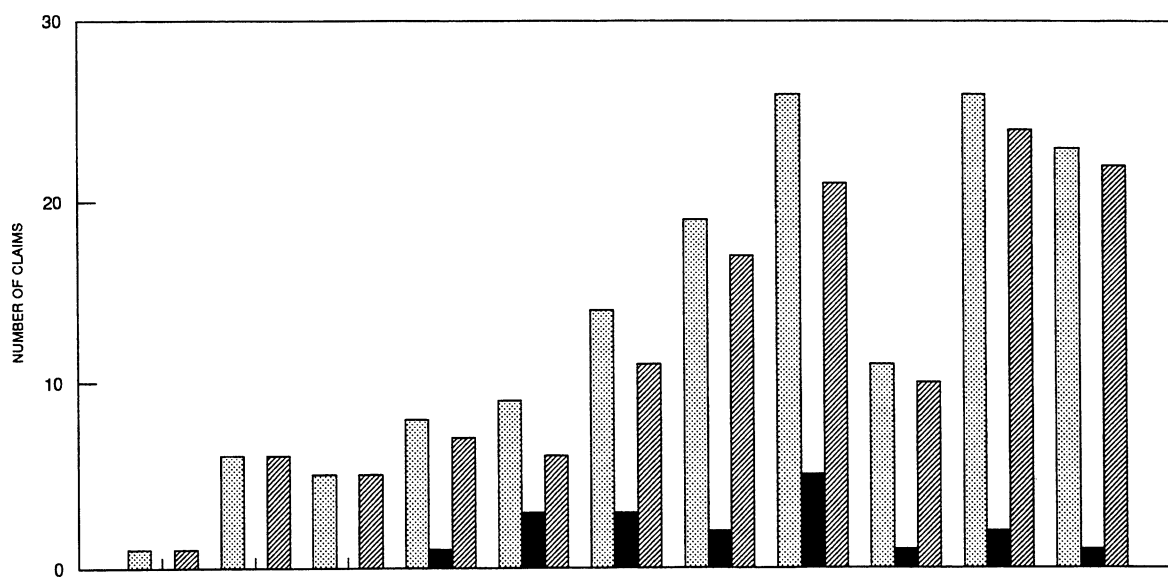
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	5	16	6	18	17	23	23	17	38	27	24
CLOSED WITH PAYMENT	0	3	2	5	8	5	6	3	9	11	6
CLOSED WITHOUT PAYMENT	5	13	4	13	9	18	17	14	29	16	18

## MALICIOUS PROSECUTION OR ABUSE OF PROCESS

AVERAGE PAID INDEMNITY &amp; AVERAGE LOSS EXPENSE



CLAIM COUNT

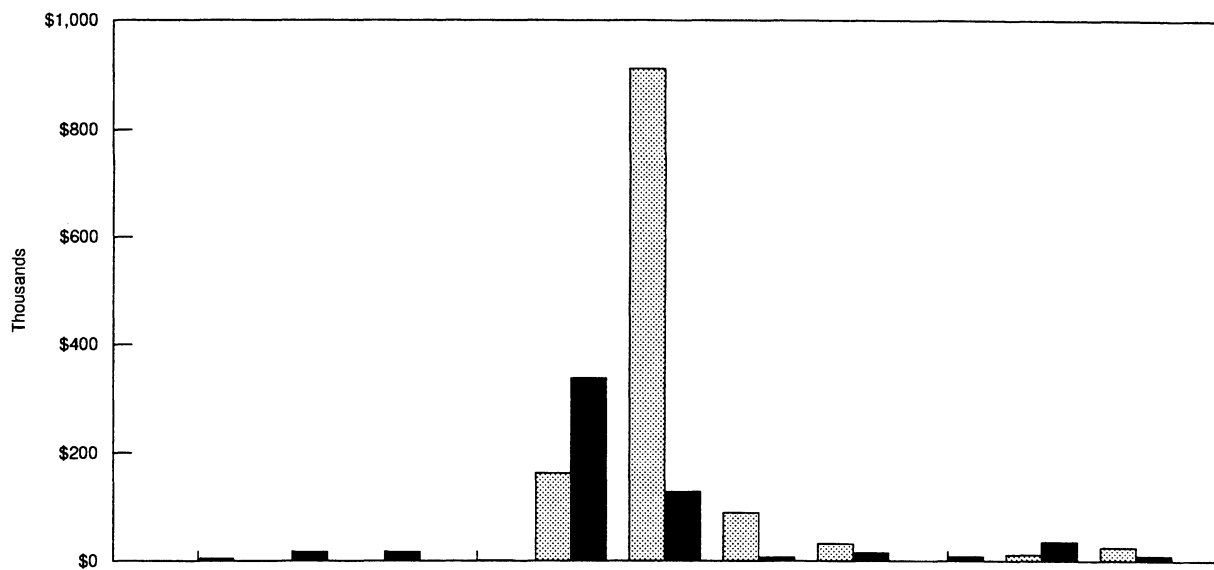


YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	1	6	5	8	9	14	19	26	11	26	23
CLOSED WITH PAYMENT	0	0	0	1	3	3	2	5	1	2	1
CLOSED WITHOUT PAYMENT	1	6	5	7	6	11	17	21	10	24	22



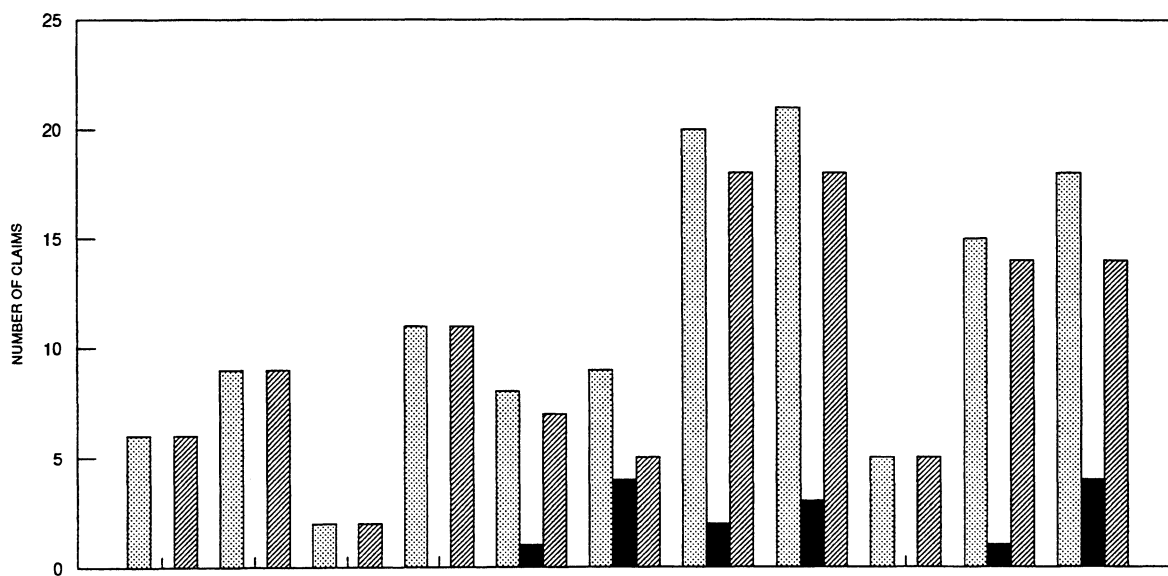
# FRAUD

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$0	\$0	\$0	\$0	\$162,809	\$910,000	\$90,125	\$31,598	\$0	\$11,425	\$23,875
AVG LOSS EXPENSE	\$4,374	\$15,548	\$15,479	\$1,519	\$339,346	\$129,077	\$6,676	\$15,386	\$8,258	\$35,585	\$9,407

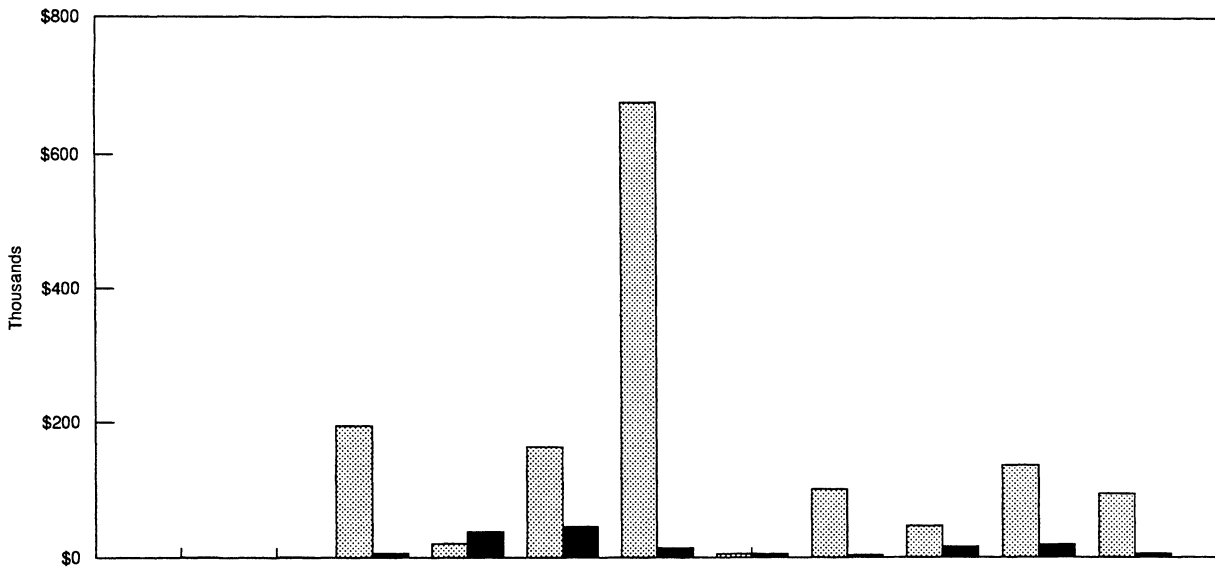
## CLAIM COUNT



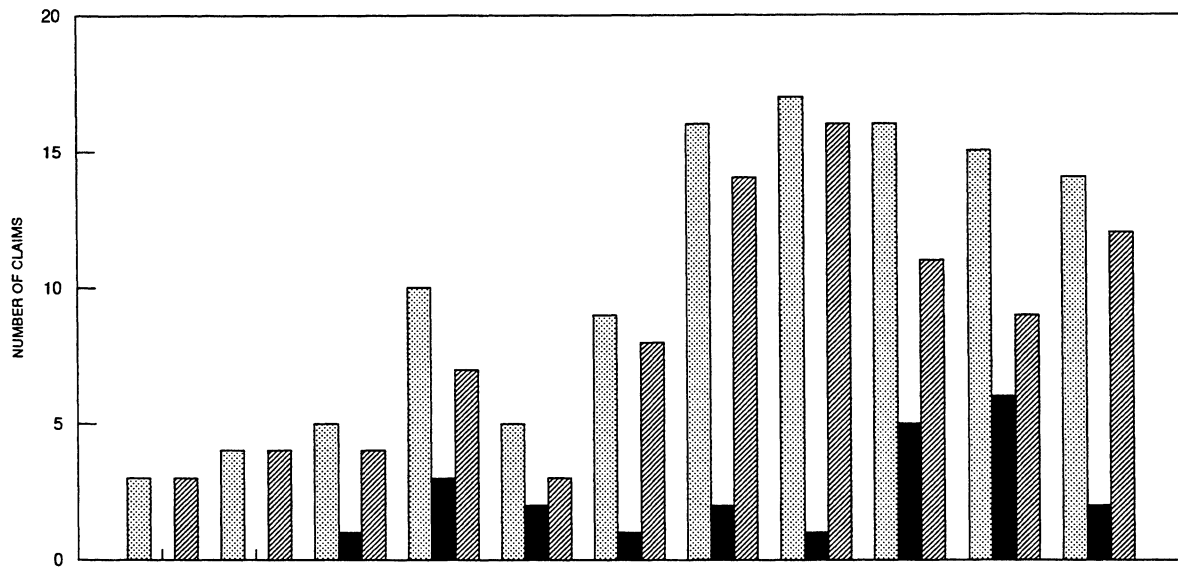
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	6	9	2	11	8	9	20	21	5	15	18
CLOSED WITH PAYMENT	0	0	0	0	1	4	2	3	0	1	4
CLOSED WITHOUT PAYMENT	6	9	2	11	7	5	18	18	5	14	14

# FAIL TO OBTAIN CLIENTS CONSENT

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



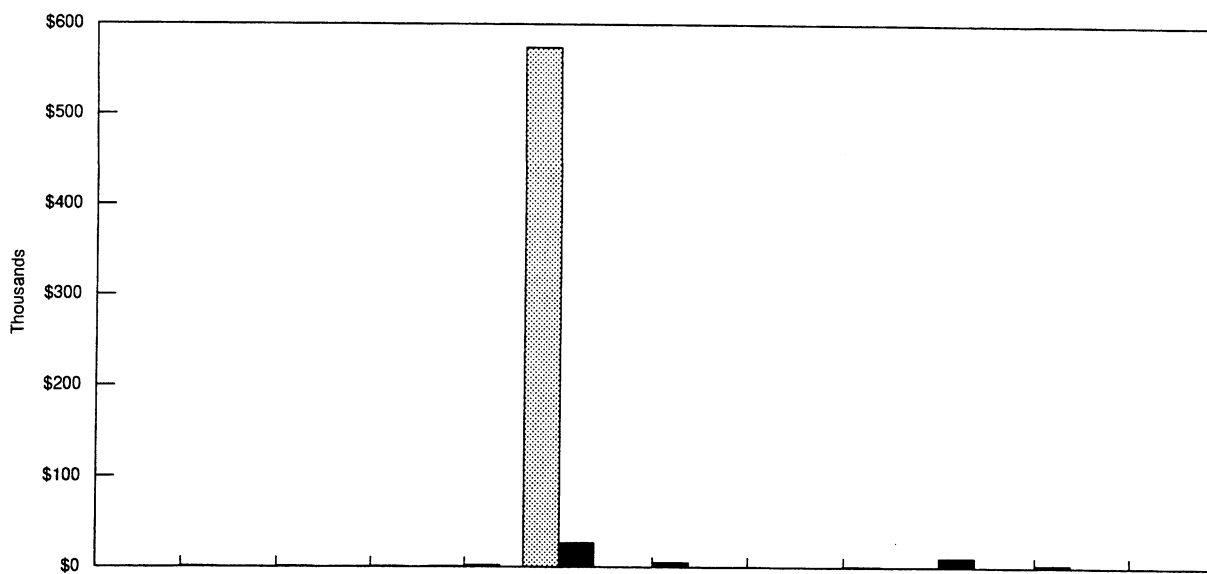
## CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
■ ALL CLAIMS	3	4	5	10	5	9	16	17	16	15	14
■ CLOSED WITH PAYMENT	0	0	1	3	2	1	2	1	5	6	2
■ CLOSED WITHOUT PAYMENT	3	4	4	7	3	8	14	16	11	9	12

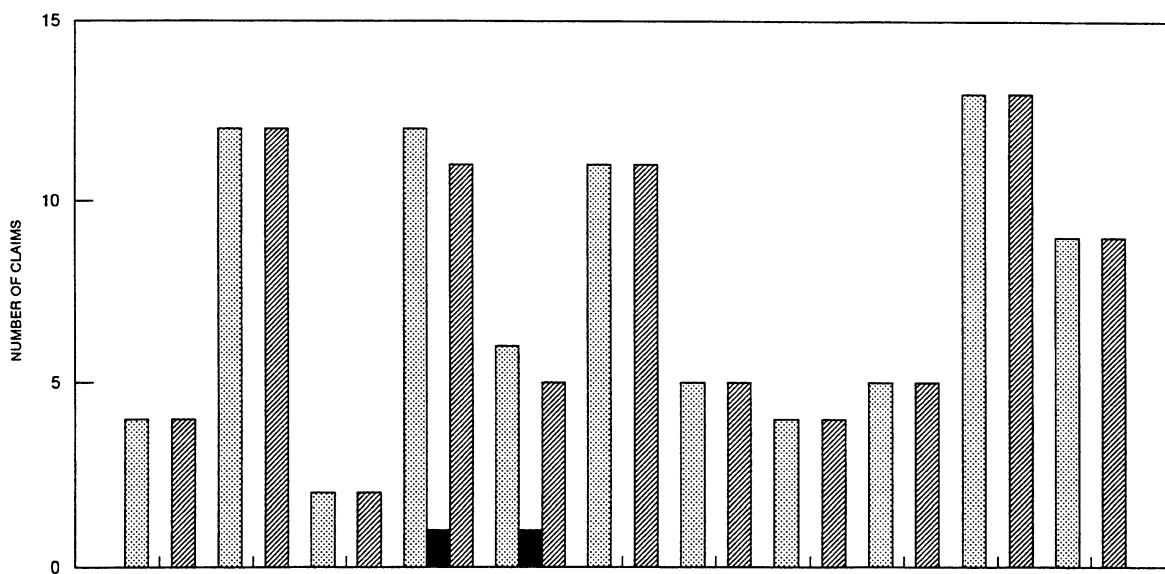
# VIOLATION OF CIVIL RIGHTS

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$0	\$0	\$0	\$248	\$575,000	\$0	\$0	\$0	\$0	\$0	\$0
AVG LOSS EXPENSE	\$750	\$412	\$973	\$2,347	\$26,594	\$5,074	\$0	\$834	\$10,490	\$2,627	\$222

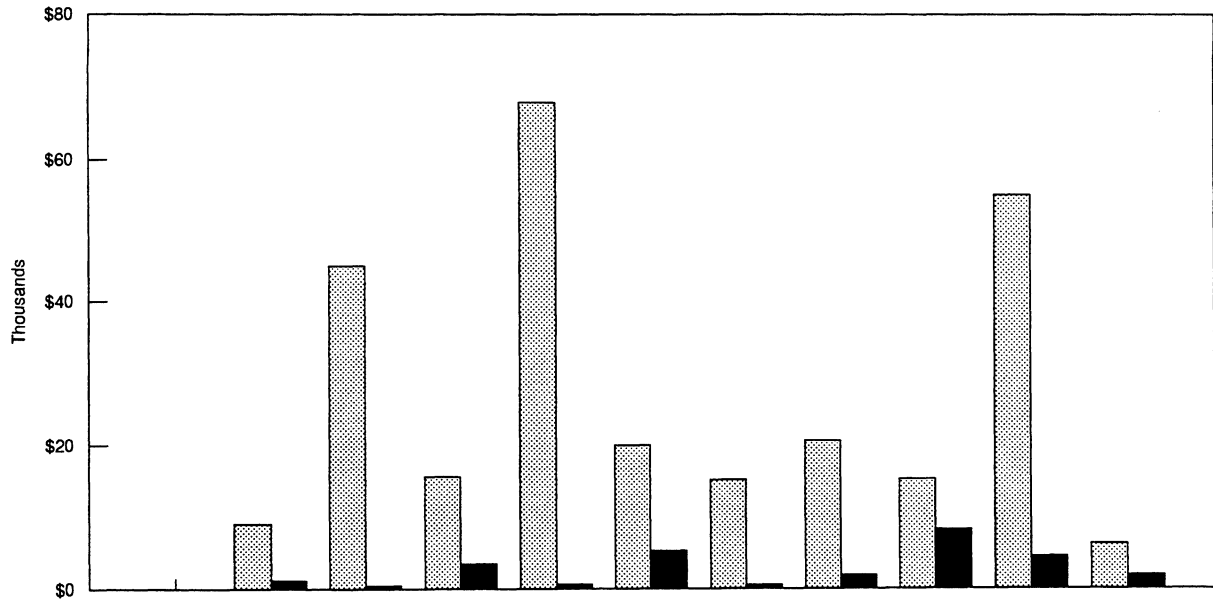
## CLAIM COUNT



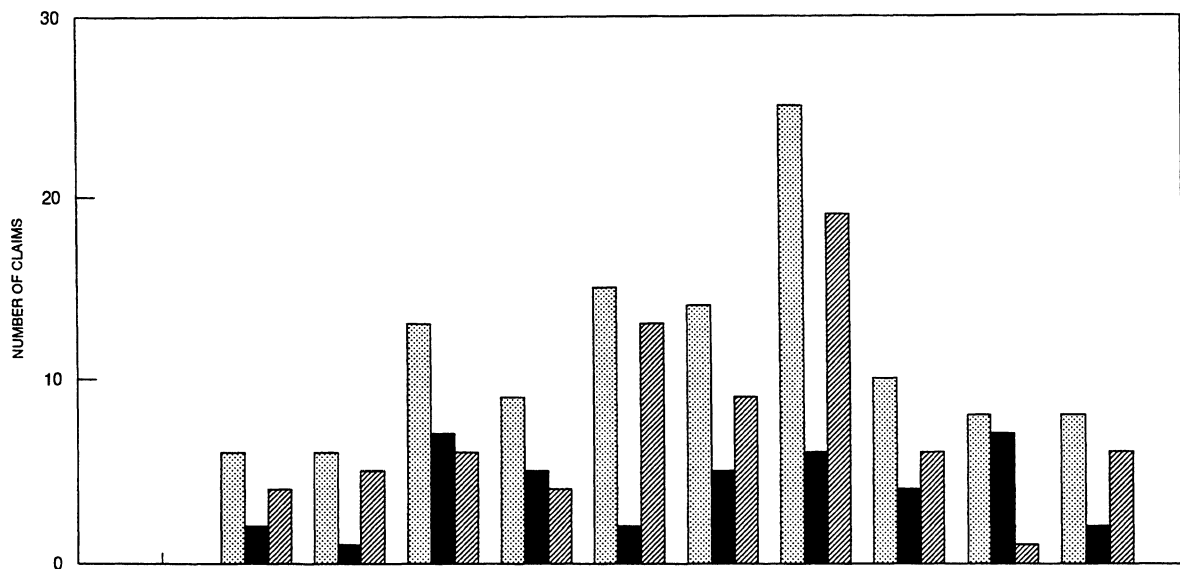
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	4	12	2	12	6	11	5	4	5	13	9
CLOSED WITH PAYMENT	0	0	0	1	1	0	0	0	0	0	0
CLOSED WITHOUT PAYMENT	4	12	2	11	5	11	5	4	5	13	9

# FAILURE TO CALENDAR PROPERLY

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



## CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	0	6	6	13	9	15	14	25	10	8	8
CLOSED WITH PAYMENT	0	2	1	7	5	2	5	6	4	7	2
CLOSED WITHOUT PAYMENT	0	4	5	6	4	13	9	19	6	1	6

**ELEVEN YEAR SUMMARY  
&  
1997 SUMMARY  
BY  
CLAIM DISPOSITIONS**





**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1987 - 1997**

<b>CLAIM DISPOSITION</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
BEFORE FILING SUIT OR DEMANDING HEARING	817	233	44.98%	\$79,183	\$18,449,703	32.01%	\$1,879
BEFORE TRIAL OR HEARING	732	236	45.56%	\$122,132	\$28,823,210	50.01%	\$18,660
CLAIM OR SUIT ABANDONED	450	4	0.77%	\$203,750	\$814,998	1.41%	\$1,734
AFTER JUDGMENT, BEFORE APPEAL	71	5	0.97%	\$91,816	\$459,078	0.80%	\$9,156
AFTER APPEAL	55	11	2.12%	\$440,050	\$4,840,553	8.40%	\$65,502
DURING TRIAL OR HEARING	46	13	2.51%	\$208,578	\$2,711,516	4.70%	\$20,301
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	22	2	0.39%	\$97,531	\$195,061	0.34%	\$10,419
DURING APPEAL	20	8	1.54%	\$122,458	\$979,663	1.70%	\$36,744
NOT SPECIFIED	14	6	1.16%	\$61,000	\$366,000	0.63%	\$7,881
<b>TOTAL</b>	<b>2,227</b>	<b>518</b>	<b>100.00%</b>	<b>\$111,274</b>	<b>\$57,639,783</b>	<b>100.00%</b>	<b>\$9,984</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 1997**

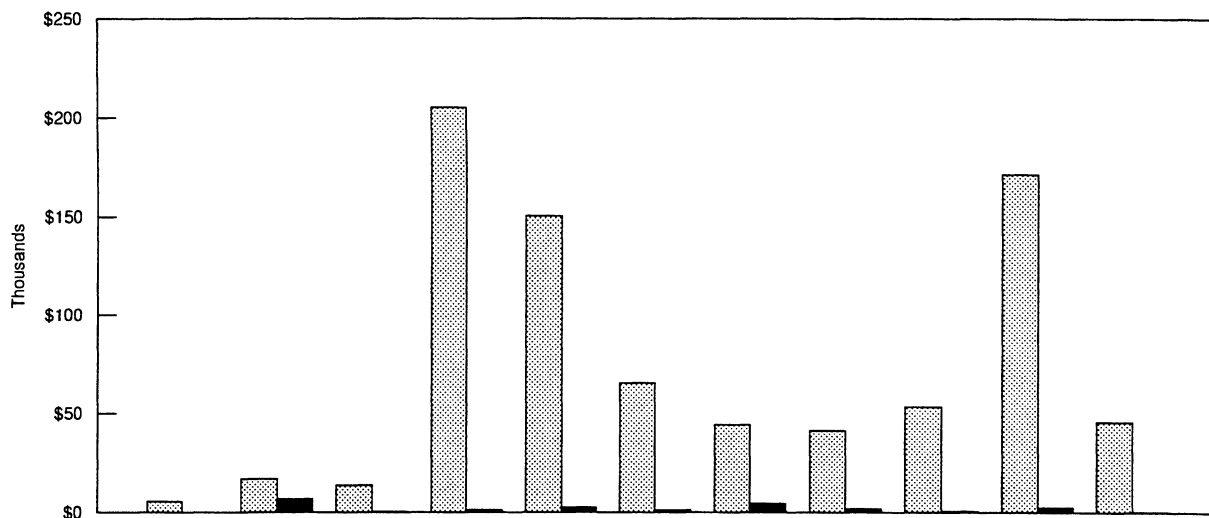
<b>CLAIM DISPOSITION</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
BEFORE FILING SUIT OR DEMANDING HEARING	148	39	54.93%	\$45,979	\$1,793,168	44.69%	\$310
BEFORE TRIAL OR HEARING	105	31	43.66%	\$71,385	\$2,212,938	55.16%	\$9,975
CLAIM OR SUIT ABANDONED	24	0	0.00%	\$0	\$0	0.00%	\$336
AFTER APPEAL	6	0	0.00%	\$0	\$0	0.00%	\$47,740
DURING TRIAL OR HEARING	5	0	0.00%	\$0	\$0	0.00%	\$5,445
DURING APPEAL	4	1	1.41%	\$6,000	\$6,000	0.15%	\$22,257
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	3	0	0.00%	\$0	\$0	0.00%	\$1,485
AFTER JUDGMENT, BEFORE APPEAL	1	0	0.00%	\$0	\$0	0.00%	\$0
<b>TOTAL</b>	<b>296</b>	<b>71</b>	<b>100.00%</b>	<b>\$56,509</b>	<b>\$4,012,106</b>	<b>100.00%</b>	<b>\$5,096</b>

**TRENDS  
OF THE TOP EIGHT  
CLAIM DISPOSITIONS  
OF 1997**



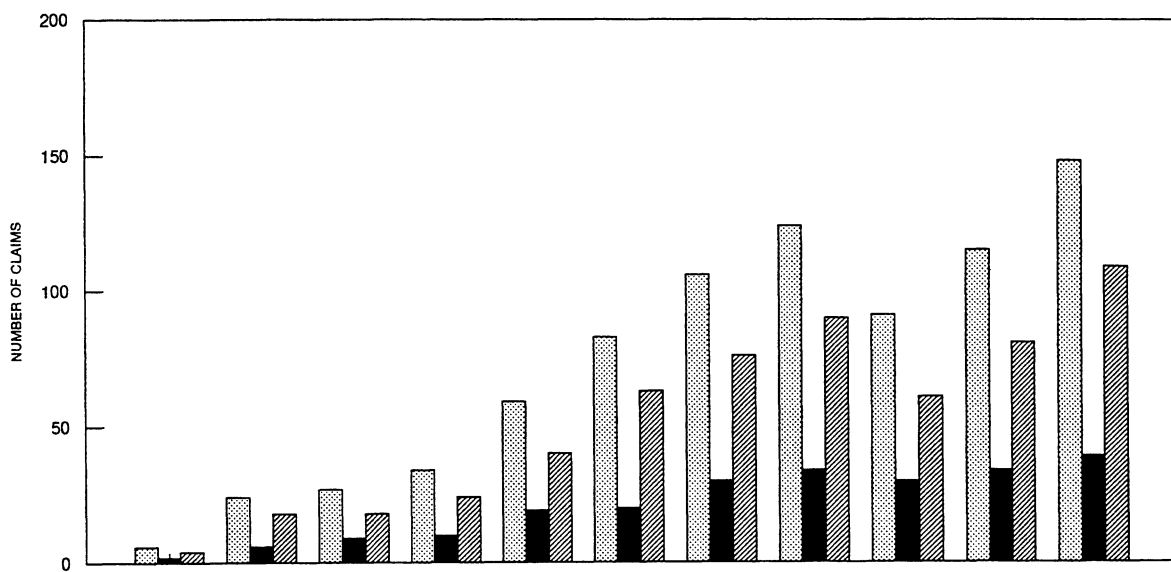
## BEFORE FILING SUIT OR DEMANDING HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$5,500	\$16,792	\$13,582	\$204,975	\$150,759	\$65,280	\$44,413	\$41,234	\$53,446	\$172,501	\$45,979
AVG LOSS EXPENSE	\$22	\$6,886	\$309	\$1,232	\$2,619	\$1,076	\$4,500	\$1,882	\$470	\$2,403	\$310

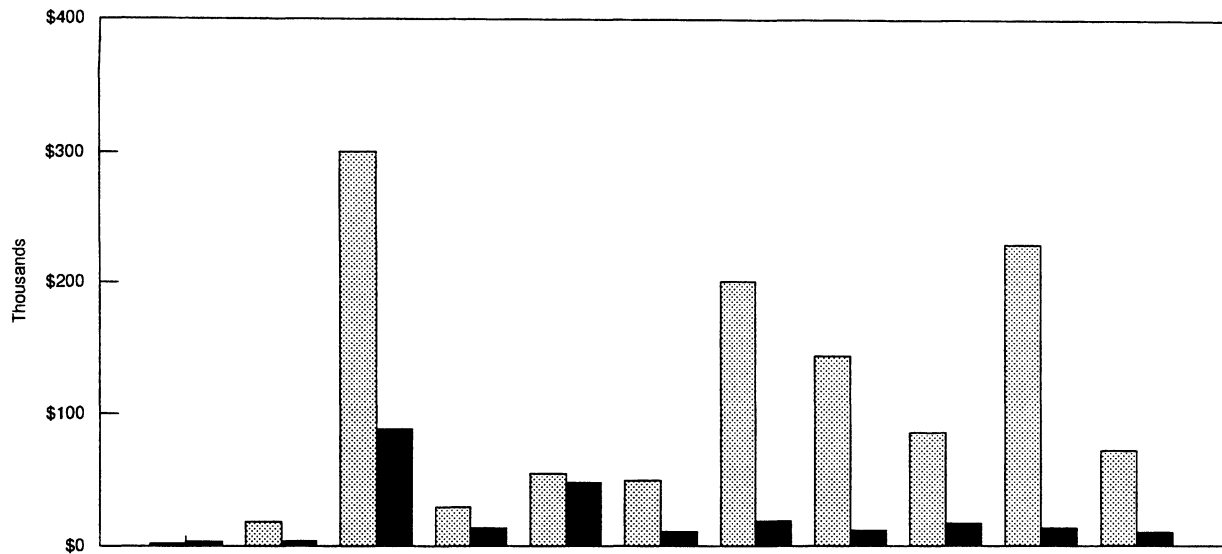
### CLAIM COUNT



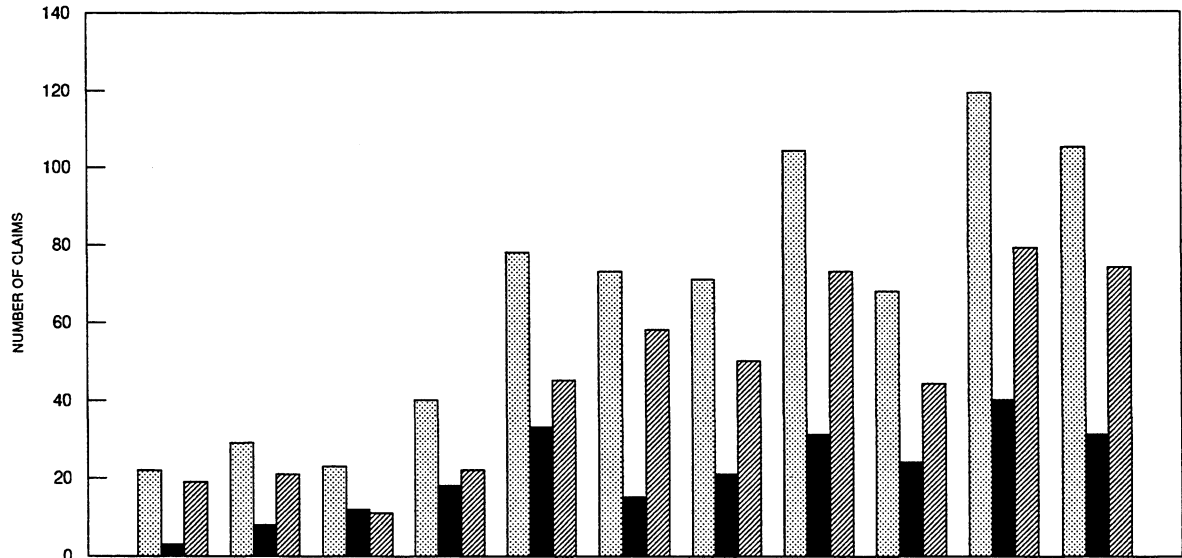
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	6	24	27	34	59	83	106	124	91	115	148
CLOSED WITH PAYMENT	2	6	9	10	19	20	30	34	30	34	39
CLOSED WITHOUT PAYMENT	4	18	18	24	40	63	76	90	61	81	109

# BEFORE TRIAL OR HEARING

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

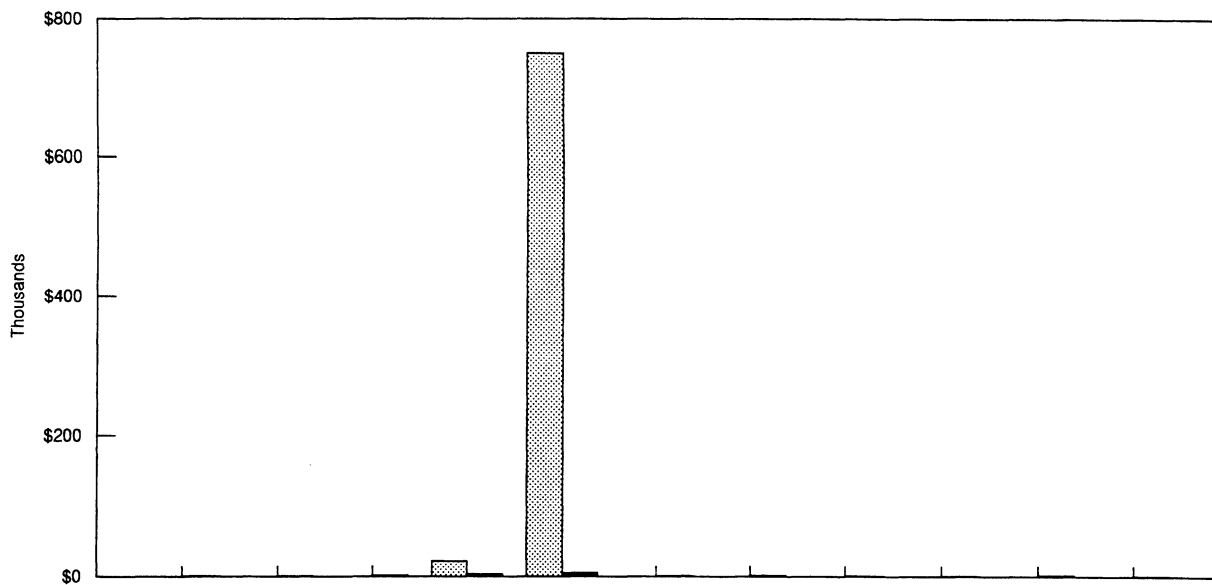


## CLAIM COUNT



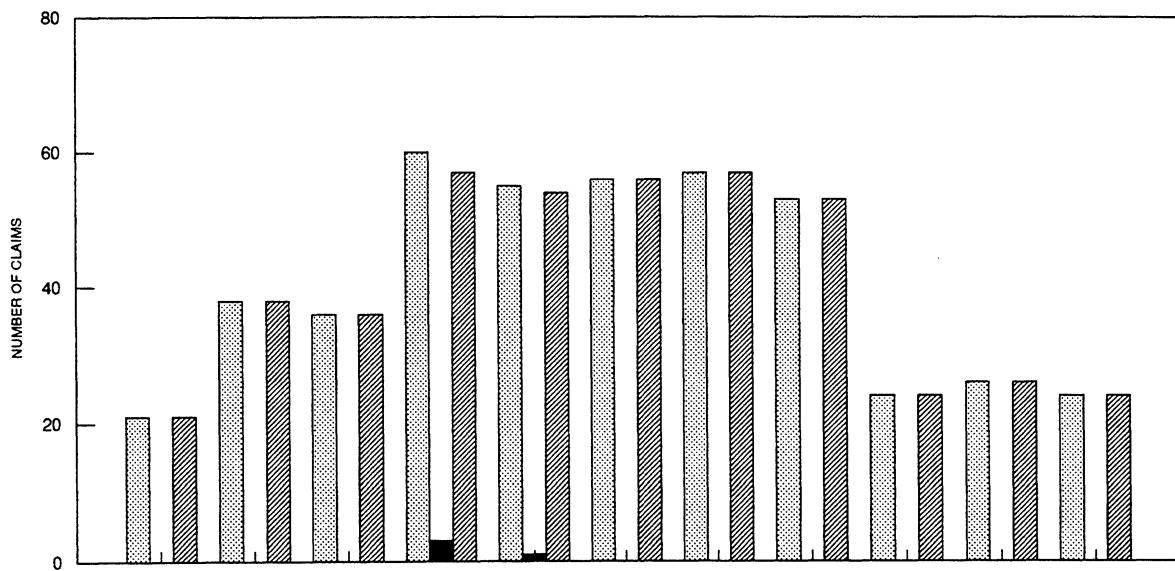
# CLAIM OR SUIT ABANDONED

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$0	\$0	\$0	\$21,666	\$750,000	\$0	\$0	\$0	\$0	\$0	\$0
AVG LOSS EXPENSE	\$296	\$397	\$1,823	\$3,377	\$5,503	\$449	\$1,212	\$887	\$406	\$1,120	\$336

## CLAIM COUNT

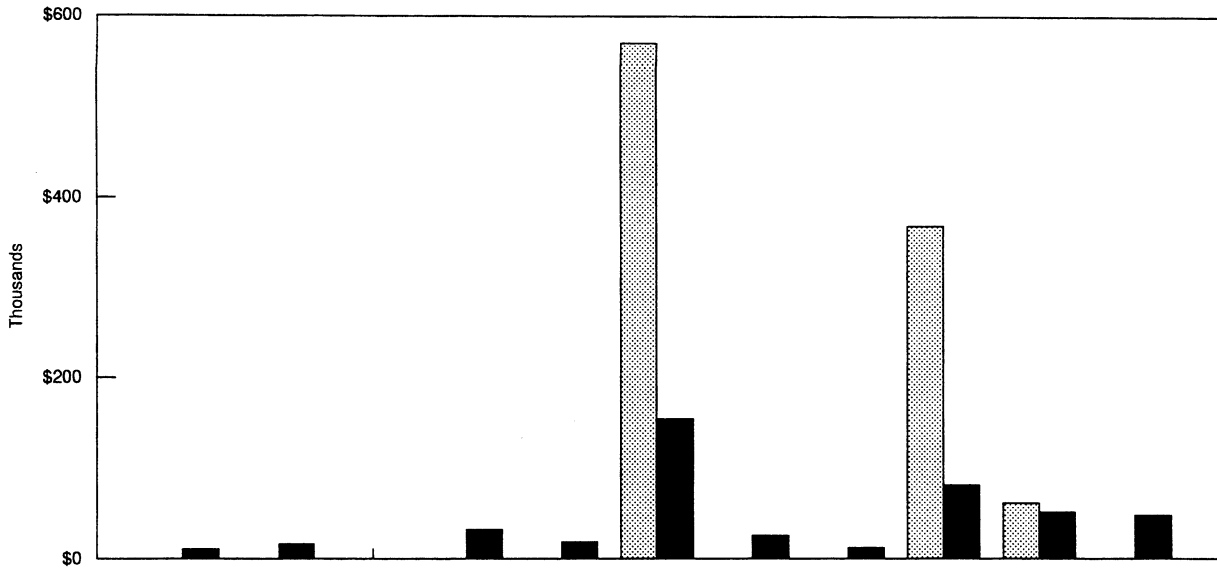


YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	21	38	36	60	55	56	57	53	24	26	24
CLOSED WITH PAYMENT	0	0	0	3	1	0	0	0	0	0	0
CLOSED WITHOUT PAYMENT	21	38	36	57	54	56	57	53	24	26	24

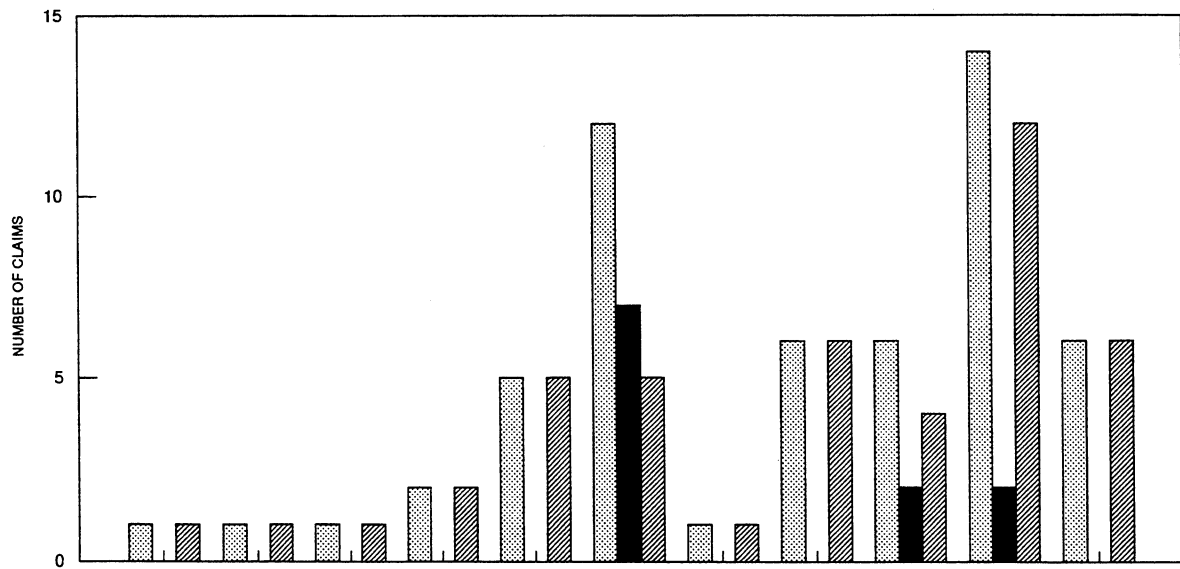


# AFTER APPEAL

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

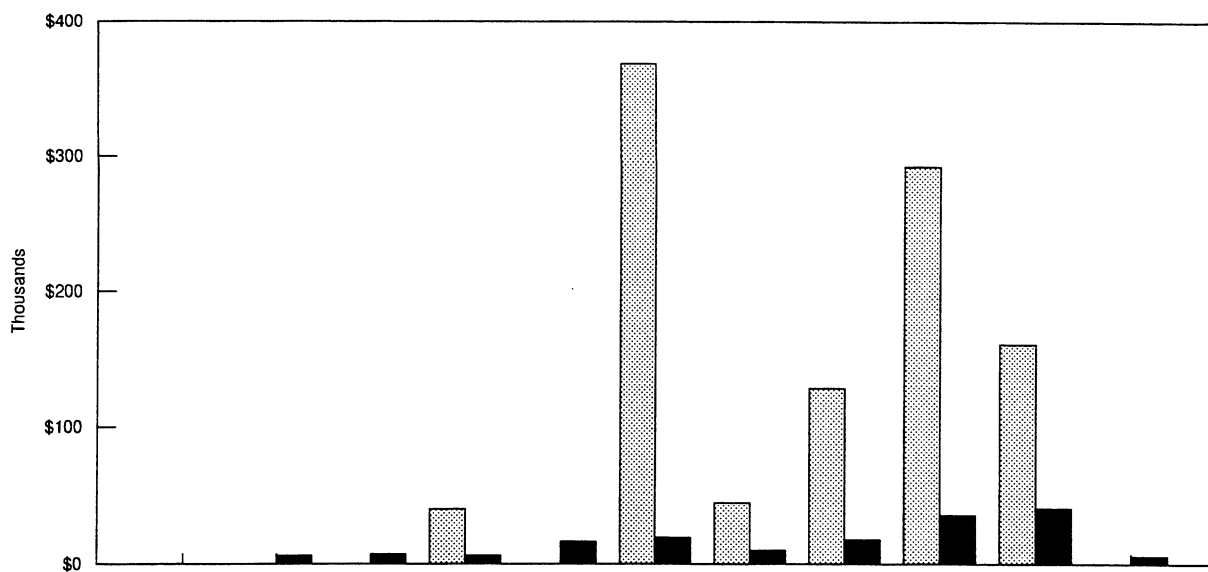


## CLAIM COUNT



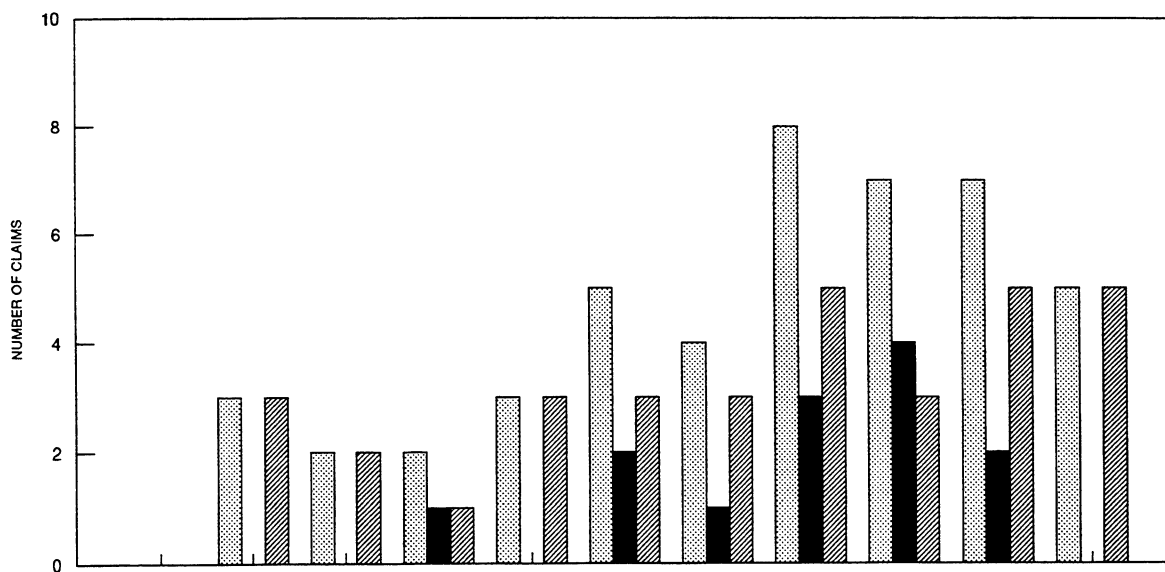
# DURING TRIAL OR HEARING

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$0	\$0	\$0	\$40,000	\$0	\$368,250	\$45,000	\$129,333	\$294,254	\$162,500	\$0
AVG LOSS EXPENSE	\$0	\$5,907	\$6,975	\$6,104	\$16,275	\$19,524	\$9,636	\$17,653	\$35,664	\$40,984	\$5,445

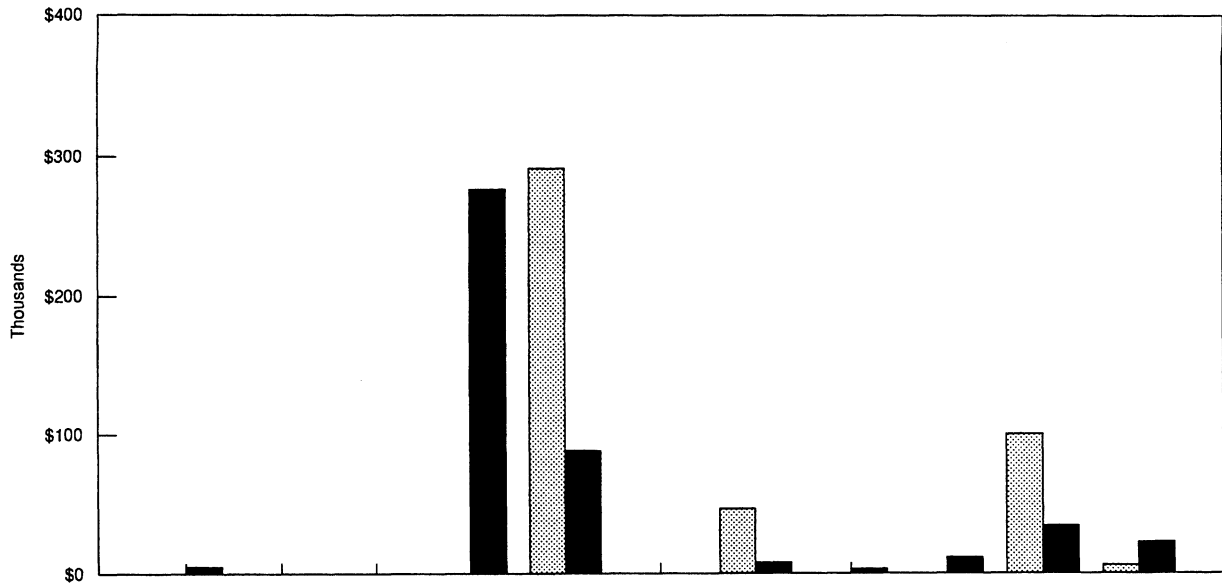
## CLAIM COUNT



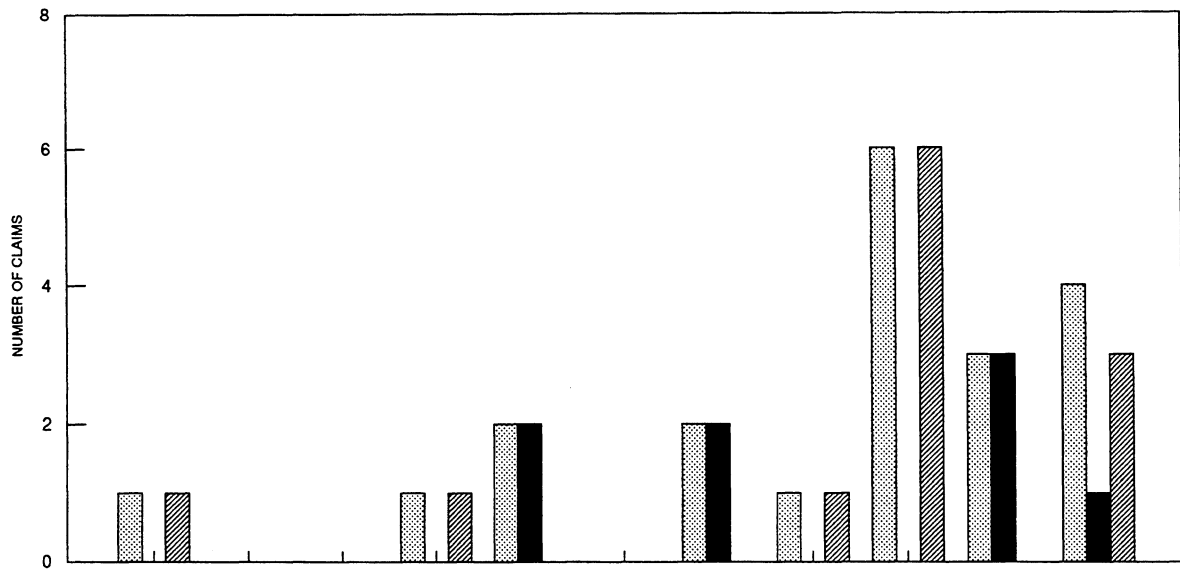
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	0	3	2	2	3	5	4	8	7	7	5
CLOSED WITH PAYMENT	0	0	0	1	0	2	1	3	4	2	0
CLOSED WITHOUT PAYMENT	0	3	2	1	3	3	3	5	3	5	5

## DURING APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



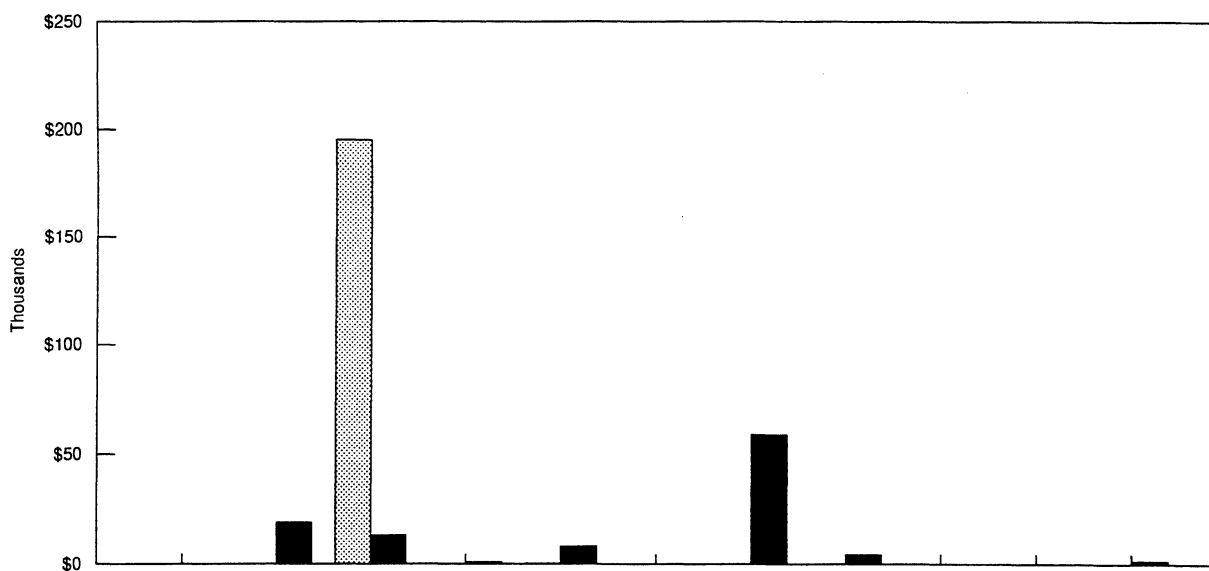
### CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	1	0	0	1	2	0	2	1	6	3	4
CLOSED WITH PAYMENT	0	0	0	0	2	0	2	0	0	3	1
CLOSED WITHOUT PAYMENT	1	0	0	1	0	0	0	1	6	0	3

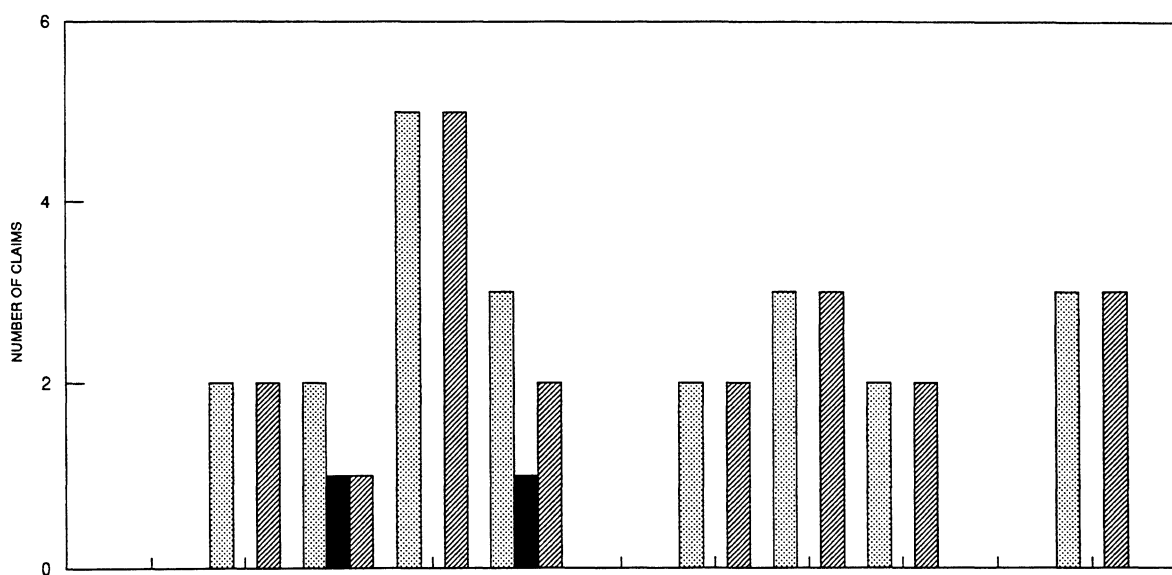
# AFTER TRIAL OR HEARING, BEFORE JUDGMENT

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
AVG PAID INDEMNITY	\$0	\$0	\$195,000	\$0	\$61	\$0	\$0	\$0	\$0	\$0	\$0
AVG LOSS EXPENSE	\$0	\$18,999	\$13,198	\$784	\$8,294	\$0	\$59,336	\$4,297	\$0	\$0	\$1,485

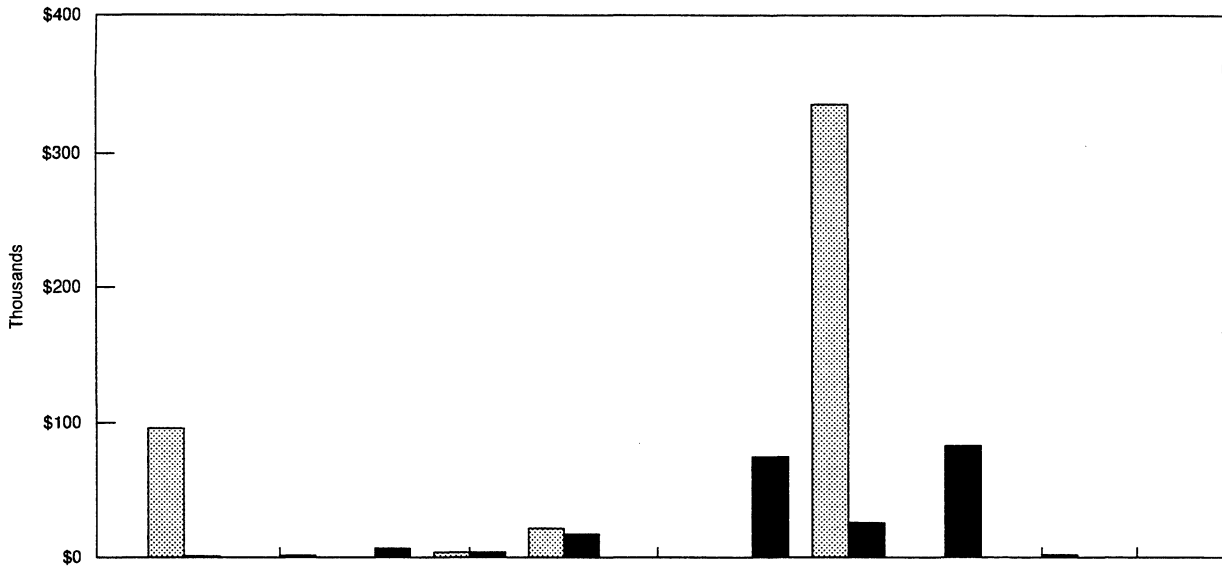
## CLAIM COUNT



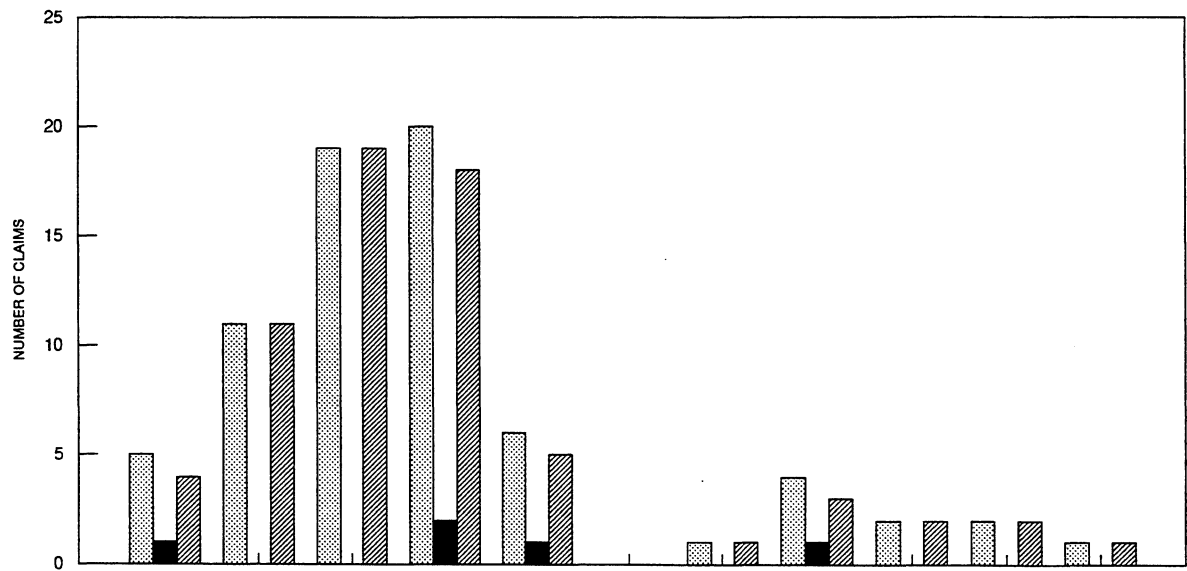
YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	0	2	2	5	3	0	2	3	2	0	3
CLOSED WITH PAYMENT	0	0	1	0	1	0	0	0	0	0	0
CLOSED WITHOUT PAYMENT	0	2	1	5	2	0	2	3	2	0	3

# AFTER JUDGMENT, BEFORE APPEAL

## AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



## CLAIM COUNT



YEAR	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALL CLAIMS	5	11	19	20	6	0	1	4	2	2	1
CLOSED WITH PAYMENT	1	0	0	2	1	0	0	1	0	0	0
CLOSED WITHOUT PAYMENT	4	11	19	18	5	0	1	3	2	2	1

**ELEVEN YEAR SUMMARY  
&  
1997 SUMMARY  
BY  
YEARS ADMITTED TO PRACTICE**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1987 - 1997**

<b>YEARS ADMITTED TO PRACTICE</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
OVER 10 YEARS	1,681	386	74.52%	\$125,022	\$48,258,429	83.72%	\$11,166
4 TO 10 YEARS	449	118	22.78%	\$67,981	\$8,021,743	13.92%	\$6,876
UNDER 4 YEARS	97	14	2.70%	\$97,115	\$1,359,611	2.36%	\$3,903
<b>TOTAL</b>	<b>2,227</b>	<b>518</b>	<b>100.00%</b>	<b>\$111,274</b>	<b>\$57,639,783</b>	<b>100.00%</b>	<b>\$9,984</b>



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 1997**

<b>YEARS ADMITTED TO PRACTICE</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
OVER 10 YEARS	233	51	71.83%	\$42,097	\$2,146,923	53.51%	\$4,856
4 TO 10 YEARS	51	16	22.54%	\$92,199	\$1,475,183	36.77%	\$6,976
UNDER 4 YEARS	12	4	5.63%	\$97,500	\$390,000	9.72%	\$1,776
<b>TOTAL</b>	<b>296</b>	<b>71</b>	<b>100.00%</b>	<b>\$56,509</b>	<b>\$4,012,106</b>	<b>100.00%</b>	<b>\$5,096</b>

**ELEVEN YEAR SUMMARY  
&  
1997 SUMMARY  
BY  
INSURED/CLAIMANT RELATIONSHIP**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1987 - 1997**

<b>INSURED'S RELATIONSHIP TO THE CLAIMANT</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
CLIENT OTHER THAN ABOVE	1,584	423	81.66%	\$97,752	\$41,349,119	71.74%	\$6,571
NON-CLIENT	619	90	17.37%	\$180,124	\$16,211,164	28.12%	\$18,794
MEMBER PRE-PAID LEGAL PLAN	15	3	0.58%	\$16,500	\$49,500	0.09%	\$12,876
FREE LEGAL SERVICE	9	2	0.39%	\$15,000	\$30,000	0.05%	\$67
<b>TOTAL</b>	<b>2,227</b>	<b>518</b>	<b>100.00%</b>	<b>\$111,274</b>	<b>\$57,639,783</b>	<b>100.00%</b>	<b>\$9,984</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 1997**

<b>INSURED'S RELATIONSHIP TO THE CLAIMANT</b>	<b>ALL CLOSED CLAIMS</b>	<b>NUMBER OF PAID CLAIMS</b>	<b>PERCENT OF PAID CLAIMS</b>	<b>AVERAGE INDEMNITY PAID PER PAID CLAIM</b>	<b>TOTAL INDEMNITY</b>	<b>PERCENT OF TOTAL INDEMNITY</b>	<b>AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS</b>
CLIENT OTHER THAN ABOVE	224	58	81.69%	\$55,120	\$3,196,934	79.68%	\$4,837
NON-CLIENT	70	11	15.49%	\$71,379	\$785,172	19.57%	\$6,071
FREE LEGAL SERVICE	2	2	2.82%	\$15,000	\$30,000	0.75%	\$9
<b>TOTAL</b>	<b>296</b>	<b>71</b>	<b>100.00%</b>	<b>\$56,509</b>	<b>\$4,012,106</b>	<b>100.00%</b>	<b>\$5,096</b>

## **PREMIUM AND LOSS DATA**



**PAGE 15 SUPPLEMENT LEGAL MALPRACTICE EXPERIENCE  
WITH MARKET SHARE**

**1997 EXPERIENCE**

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	The Bar Plan Mutual Insurance Company	62.386%	9,096,206	9,754,456	5,453,659	55.91%
35181	Executive Risk Indemnity Inc.	12.457%	1,816,250	964,236	659,537	68.40%
20443	Continental Casualty Company	8.603%	1,254,331	894,751	1,020,656	114.07%
10037	Interlex Insurance Company	7.418%	1,081,582	834,268	145,436	17.43%
24767	St Paul Fire & Marine Insurance Company	3.574%	521,034	531,471	176,767	33.26%
19380	American Home Assurance Company	2.206%	321,673	191,754	(514,237)	-268.18%
26344	Agricultural Insurance Company	1.456%	212,292	203,849	243,593	119.50%
16691	Great American Insurance Company	1.064%	155,152	142,796	45,000	31.51%
24457	Reliance Insurance Company	0.340%	49,535	49,535	2,879	5.81%
35289	Continental Insurance Company	0.209%	30,503	29,014	23,083	79.56%
23817	Illinois National Insurance Company	0.192%	28,000	4,591	804	17.51%
33723	American Spirit Insurance Company	0.095%	13,854	13,898	48,946	352.18%
19445	National Union Fire Ins Co of Pittsburg	0.000%	0	0	34,700	N/A
20427	American Casualty Co of Reading PA	0.000%	0	0	620,570	N/A
21083	International Insurance Company	0.000%	0	0	58,470	N/A
35270	Fidelity and Casualty Co of NY	0.000%	0	0	6,364	N/A
36781	VASA North Atlantic Insurance Company	0.000%	0	0	32,968	N/A
<b>Total</b>		<b>100.00%</b>	<b>14,580,412</b>	<b>13,614,619</b>	<b>8,059,195</b>	<b>59.20%</b>

**ELEVEN YEAR SUMMARY**

Year	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1987	5,907,114	1,200,442	357,699	29.80%
1988	9,260,469	1,391,682	761,906	54.75%
1989	11,516,685	10,804,382	2,553,682	23.64%
1990	13,470,027	13,141,708	3,682,919	28.02%
1991	13,328,666	12,830,301	16,296,819	127.02%
1992	12,851,244	12,030,069	10,439,781	86.78%
1993	12,862,384	13,214,324	10,510,114	79.54%
1994	16,489,175	15,654,256	15,863,938	101.34%
1995	15,119,433	16,142,706	11,619,877	71.98%
1996	13,807,557	14,103,128	7,300,262	51.76%
1997	14,580,412	13,614,619	8,059,195	59.20%
<b>11-Year Total</b>	<b>139,193,166</b>	<b>124,127,617</b>	<b>87,446,192</b>	<b>70.45%</b>

**LOSS RATIOS**

1987 - 1997

